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HOUSING THE ELDERLY: A BROKEN PROMISE?

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UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

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HOUSING THE ELDERLY: A BROKEN PROMISE?

MONDAY, AUGUST 17, 1987

U.S. Senate,
Special Committee on Aging,
Reno, NV.

The committee met, pursuant to notice, at the Senior Citizen's Center, Reno, NV, Senator Harry Reid presiding.

Present: Senator Reid.

Also present: Rachelle DesVaux, legislative assistant; Jim Good, legislative assistant; and Holly Bode, Aging Committee professional staff.

Senator Reid. This hearing of the U.S. Senate Special Committee on Aging is now called to order.

The pledge of allegiance will be given today by Elsie Conner, who is a retired senior volunteer, and is the former Miss Senior Washoe County.

Elsie, would you come forward?

[Whereupon the pledge of allegiance was recited.]

OPENING STATEMENT BY SENATOR REID, PRESIDING

Senator Reid. I, of course, want to welcome everyone here today to this field hearing of the U.S. Senate Special Committee on Aging: "Housing the Elderly: A Broken Promise?" I think the attendance today is reflective of the importance of this issue and the seriousness with which the community believes it should be addressed, not only in Nevada but nationwide.

As I told the press in the interview that you saw a minute ago, there are hearings like this being held all over the country during this recess from legislative affairs. There are hearings being held in Alabama, Georgia, North Dakota, Colorado—all over the country by those of us who serve on the Aging Committee.

We are going to take the transcripts prepared by the court reporters and transcribe them. They will be taken to Washington and submitted to the staff. Aging Committee staff will then examine the testimony and make recommendations to us as to what should be done.

I commend each of you for your interest. I really appreciate your attendance. I would also like to extend my sincere appreciation to today's witnesses. I am confident that their contributions will prove valuable to our efforts to responsibly and successfully address the problem of the lack of adequate, affordable housing for the elderly.

In Nevada, the situation is particularly serious. Over the past 10 years, the elderly population has increased 112 percent in Nevada, and it is predicted to increase over 285 percent from 1980 to the year 2000. At the present time there are only 3,435 HUD-subsidized units available throughout the entire State of Nevada, with waiting lists ranging from 3 months to 10 years.

Moreover, the number of units in Nevada may actually decline over the next decade due to the ability of owners of subsidized units to opt out of their 40-year contracts after 20 years. There will be testimony given today about this opting-out provision in the law. Already, the shortage of inexpensive and subsidized units has led to an increase in Nevada's homeless population. Recent estimates show that at least 10 percent of Reno's homeless population is over the age of 60. And that is a very conservative figure. Many believe it is higher than that.

In response to this undesirable state of affairs, I focused my efforts on measures intended to help eligible senior citizens obtain adequate, affordable housing. On March 31, I offered my first amendment on the Senate floor to the Housing and Community Development Act of 1987. My amendment sought to reduce the percentage of adjusted gross income senior citizens are required to contribute to live in low-income assisted housing to 25 percent from its current level of 30 percent.

Prior to the passage of the Housing and Community Development Amendments of 1981, all residents of low-income housing were required to contribute 25 percent of their incomes to rent. The 1981 amendments raised the amount of the contribution to 30 percent.

The change was proposed because of the tremendous cuts housing-assistance programs had been experiencing. Many believed that the extra revenue generated by the 5-percent increase would enable the Federal Government to better serve those in need of low-income housing. Unfortunately, this increase has not resulted in more or better low-income housing for our Nation's elderly. For example, the public housing authorities in Nevada are seldom able to help those most in need because these seniors cannot afford the required 30 percent contribution.

With few, if any, ways to supplement their incomes, many of our Nation's elderly end up living in the streets or in substandard housing, with no access to services. For a senior earning $300 per month, my amendment would mean an extra $15 each month that could be spent on food, telephone service, medical care, or other essential items.

I understand that the tremendous Federal deficit requires Congress to exercise budgetary constraint; however, I believe we must set priorities. As a member of the Senate Aging Committee, I see the urgent need to house our elderly. Stop to think for just a minute about the money that is saved when people have adequate housing. In addition to providing shelter, many housing developments provide a community atmosphere, a well-balanced diet and access to basic medical care. These advantages not only contribute to the overall quality of life for the elderly, but they also work to reduce health-care costs over the long run.

In addition, I have directed members of my legislative staff to conduct an exhaustive survey of Nevada's housing needs.

Today, at this hearing, I have with me members of my Washington staff, Rachelle DesVaux.

That's Rachelle.

[Applause.]

Senator **Reid**. Even though Rachelle is with my Washington staff, she is a Nevada girl, educated here in our State.

Jim Good is also with my Washington staff. Jim?

[Applause.]

Senator **Reid**. Jim and Rachelle work on housing issues with me. Rachelle also works on health issues, which are intertwined with housing issues.

Jim is from, as he tells people in Washington, a little north of Reno. He is not from the State of Nevada, but I think we are going to adopt him soon. He has been with me for several years now, and is a very fine employee.

We also have with us today a staff member from the Senate Special Committee on Aging, Holly Bode, Holly?

[Applause.]

Senator **Reid**. Holly has been in Nevada since last Thursday. This is her first trip to Nevada. We are having a hearing like this tomorrow in Las Vegas, and she has learned a lot about Nevada already. I hope she wants to come back.

[Applause.]

Senator **Reid**. Coupled with the valuable information I am certain this hearing will provide, this study's findings will give me a comprehensive picture of Nevada's housing strengths and weaknesses. This is the first important step toward developing an effective housing policy for our Nation's older Americans.

Today's hearing is important for Nevada, but it is also important to senior citizens across the country.

At this time we will start our hearing. And it is with great pleasure that I would like to invite our Lieutenant Governor, Bob Miller, to make his presentation.

Governor Miller.

[Applause.]

Senator **Reid**. While the Lieutenant Governor is getting situated, you should understand that I have some questions that I am going to ask most all of the witnesses in an effort to more completely fill out the record. So, if you will bear with me, we will proceed with this hearing.

Governor Miller.

STATEMENT OF BOB MILLER, LIEUTENANT GOVERNOR OF NEVADA

Lieutenant Governor **Miller**. Mr. Chairman, distinguished guests. I would like to thank Senator Reid and Senate Special Committee on Aging for holding these important public hearings to bring attention to the growing problem of inadequate housing for the elderly.

This problem is one of grave concern nationally, and it holds particular significance in Nevada, where the senior population is soaring, growing at a larger percentage rate over the past 15 years than any other State.

In Nevada, the elderly population is expected to have increased by 98 percent in the 1980's. In just 3 years, by 1990, there will be 130,200 senior Nevadans; that out of a population overall of just over 1 million. Currently, more than 10 percent of Nevada's elderly citizens subsist at the poverty level. This is a staggering consideration.

Here in Washoe County, 5.6 percent of the total population, or slightly over 38,000, are 60 and older. In just 13 years, that number is expected to increase by nearly 50,000. These numbers are given added significance when coupled with the fact that today there are only 510 subsidized-housing units in the Reno area available to the elderly; and the waiting list can cause a 6- to 7-year delay. In fact, the list has gotten so long in Reno that they have stopped accepting names.

President Lyndon Johnson once declared that a "roof over your head" is an American right. Clearly, we here in Nevada are at a crossroad. We must demand commitment from the public officials in helping all Nevadans secure what President Johnson has proclaimed to be a right.

You will hear testimony today from many experts. Consequently, I would like to limit my remarks to the Legislature's shared interest in affordable housing and to an area of personal interest: safe housing.

The 64th session of the Nevada Legislature, before adjourning this summer, endorsed Assembly Concurrent Resolution No. 24, which directs the Legislative Commission to conduct an interim study of the availability of low-income housing.

The purpose of this study is to, first, determine the adequacy of the supply of affordable housing available to residents of Nevada who earn low incomes.

Second, to recommend programs that would encourage the construction of affordable housing.

Third, to identify potential sources of revenue that could be used to finance any recommended programs.

The Legislative Commission must submit a report of its findings within a recommended policies, programs, and proposed legislation to the 65th session of the legislature in 1989.

The legislature recommends and recognizes that the current demand for affordable housing to low-income people in our State exceeds the available supply. I have already mentioned the 6- to 7-year wait here in Reno. As the Federal commitment for housing declines, we must search for State solutions.

I think the interim study is certainly a step in the right direction. President Reagan's fiscal year 1988 budget request for low-income-housing programs in HUD and the Farmers Administration continues the 6-year tradition of deep cuts, recessions in existing appropriations, and the termination of many programs designed to serve the needs of the low- and moderate-income citizens. I would urge your careful review of the administration's proposals.

Another matter that I think must be addressed at the State level is the safety of housing for senior citizens. My experience working with crime victims has taught me that older people are more fearful of criminal victimization than any other age group. I recall a woman I interviewed as a member of the President's Task Force on

Victims of Crime who was assaulted so often in her neighborhood that she simply refused to ever leave her home. Captive in her own home, she never went anywhere.

Above all else, safety is the one feature of a community that is essential. Dr. Ron Toseland and others have suggested that there are definite environmental qualities that promote satisfaction with housing amongst the elderly. Satisfaction with the community is directly related to a person's perception of safety. Adequate lighting, restricted access to apartment complexes, protective services, anticrime community-education programs and citizen patrols can add to an older person's satisfaction with his housing. As we shape housing policy, we must consider the ancillary services and security needs of the residents.

Again, Senator Reid, I want to commend you for holding this hearing; and I am absolutely confident that, with vision and determination, Federal-, State- and private-sector initiatives can respond to the increased demand for affordable safe housing for the elderly citizens of our state.

Thank you.

[Applause.]

Senator **Reid**. Governor Miller, you spent a part of your life prosecuting criminals. Do you think elderly citizens living in senior housing developments have better access to supportive services, including crime-prevention and police protection?

Are they better off in these facilities?

Lieutenant Governor **Miller**. I think that they are better off. They don't have the degree of safety that we would like to see them have. They are better off by virtue of the fact that they share the common concern of their safety; that the areas, although they are within crime-ridden parts of any city, and particularly even through Nevada, the fact that you have community interest in community watch, neighborhood watch and the like, the safety programs are intensified in those types of areas, and that is their benefit.

But as to the police, the response time isn't probably any better in those areas than it is in general.

Senator **Reid**. Tell me about victims' rights. You have developed victims' rights programs that have been in effect, copied in various parts of the country.

Are you able to do more with victims' rights programs in senior complexes, as compared to nonsenior complexes?

Do people work together better, or does it make any difference?

Lieutenant Governor **Miller**. Victim rights, of course, is a generic term that relates to a reorganization of the criminal-justice system to recognize that your primary concern shouldn't be the right of the perpetrator of the crime, but rather your attention should be turned to the right of the person who was victimized. And it has removed a lot of the insensitivities from the system. And, as I mentioned, I was a member of President Reagan's nine-member task force that studied that.

The enhancement in the Federal programs, I think, is related directly to a shared interest in protecting one's self.

Prevention of crime really falls upon the citizenry. The police have long been away from the ability to have a patrolman on every corner. There just isn't a cop on every street any longer. The personal communication doesn't exist, and it has been diminished by metropolitanization: As the city gets bigger, the police become less able to do that.

If neighbors care, and if senior areas, especially in subsidized areas, I think that intensifies, that care is intensified. You can provide a difference, because you look out for each other. And in that respect, I think there has been an enhancement.

As to the ability of the police to respond, I don't think it is enhanced by that particular form of housing.

Senator REID. But I think certainly we would agree that people living together in a housing complex have more protection, for the reasons you have already mentioned, than people living alone; isn't that true?

Lieutenant Governor MILLER. Absolutely true, because everybody else in that area has their exact same concerns, and they look out for each other.

Now, I use an example to show you the difference. If you go to a smaller rural community, for example, and there is a pickup truck behind Joe's Garage or Joe's Grocery Store at midnight, and the deputy sheriff drives by, he knows that that is Joe's Garage and that that pickup truck probably doesn't belong there at 2 o'clock in the morning, and he is going to probably investigate it.

As you get to a metropolitan area, other people that might know Joe and might think it suspicious, become more reluctant to call the police out of fear of embarrassment.

And when you get into a smaller community, a subcommunity, as it were, by this type of subsidized housing, you recapture that personal camaraderie and friendship and concern for each other that is so beneficial in protecting each other from crime.

Senator REID. I'm glad you mentioned ACR24. I think you would acknowledge that it is a first step in formulating a State housing policy; it isn't an end in itself.

Lieutenant Governor MILLER. Absolutely correct. It is only a beginning study, much like the hearings that you are here to conduct today. It is an effort to learn what the basic problems are, and how we can address them on a State level. Hopefully, it will blend in perfectly well with the leadership you are showing on the Federal level.

Senator REID. Governor, did the woman, who refused to leave her home, that you referred to in your testimony, live in a detached home? She didn't live in a senior housing development, did she?

Lieutenant Governor MILLER. That's correct. She lives in Washington, DC, in their own housing.

Senator REID. I very much appreciate your testimony. Thank you very much Governor Miller.

Lieutenant Governor MILLER. Thank you, Senator.

[Applause.]

Senator REID. The next panel of witnesses will include Geri Kaufman, Doris Isaeff, Gail Bishop and Joe McKnight.

Would you all come forward, please?

We appreciate your being here.

While you are coming up here to take your stand, so that everyone understands, we have plenty of time for everyone to be heard.

In an effort to make sure that those at the end of the hearing have as much time to speak as those at the beginning of the hearing, we request that everyone limit his oral testimony to 5 minutes. And any written testimony that has been submitted will be made a part of the record in its entirety.

Also, I would like to make a part of the hearing record the testimony of the Chairman of the Senate Special Committee on Aging, Senator John Melcher, of Montana.

Hearing no objection, that will be the order of the committee.

[The prepared statement of Senator John Melcher, chairman, follows:]

As the Chairman of the Senate Special Committee on Aging, I would like to take this opportunity to commend Senator Reid for this field hearing on elderly housing issues. Ever since he joined the Senate Aging Committee—from our very first meeting this past January through every hearing we have held—it has become clear that Senator Reid's strong commitment to older Americans will make him one of the most active and effective members on the Committee.

The title of today's hearing is particularly appropriate. When the Housing Act of 1949 was enacted, one of its goals was to provide a "decent home and suitable living environment for all elderly families." This goal was most recently reaffirmed by the 1981 White House Conference on Aging. Yet in the past 5 years, under the Reagan administration, Federal subsidies for low-income housing productions have been slashed by about 60 percent. The budget for the Department of Housing and Urban Development has plunged from $35.7 billion in fiscal year 1980 to about $14 billion today, the sharpest drop of any department.

Although older Americans are not the only group faced with this housing crisis, they encounter a unique set of difficulties in their attempts to obtain adequate, affordable housing. Some of our elderly citizens need a little assistance to help them maintain their independence. They may need some help with housekeeping, or grocery shopping, or with getting dressed in the morning. Some need transportation to get them to and from the doctor's office. But all too frequently, even if an older person is able to find housing—this is often after being on the waiting list for months—these needed supportive services are simply not there. These hearings are important not only because they provide a forum to bring these problems into the open—but also because we must impress upon Americans of all ages the need to contact their representatives in Congress to let them know how important this issue is for them and the country as a whole.

There is no question that it will be difficult to find the funding we need to provide the housing our elderly so desperately need. However, to me, it is nothing but a matter of priorities. This issue is a priority for many if not all of today's witnesses and for Senator Reid and myself. If all of us do our jobs, it will become a priority for the general public, and as a result, for the rest of the Congress and the Administration.

The witnesses assembled here will make an important contribution to our shared goal of providing all Americans, including older Americans, with adequate, affordable housing. It is therefore with great anticipation that I look forward to reviewing the testimony given to Senator Reid at these hearings.

Senator **Reid**. The first witness to speak will be Geri Kaufman.

Ms. **Kaufman**. I can't talk at all.

Senator **Reid**. Well, we can hear you.

STATEMENT OF GERI KAUFMAN, REPRESENTATIVE, NATIONAL COUNCIL OF SENIOR CITIZENS

Ms. **Kaufman**. Senator Reid, thank you for giving me the opportunity to testify here today on an issue of such importance to our community.

I am deeply concerned with the welfare of the senior citizens of our community, their health, their wellbeing, and, above all housing.

The National Council of Senior Citizens request your immediate attention on the following: It has come to our attention that the Federal Office of Management and Budget has recently directed the 1990 census, directed them to delete from its consideration collection of data relative to housing issues. This would cripple ability to accurately assess, document and to plan to meet the need for housing assistance.

Thank you.

Senator **Reid**. I have some questions for you, but I will save those. And we could hear you just fine.

The next witness will be Doris Isaeff.

Before you start, how is Bill?

STATEMENT OF DORIS ISAEFF, REPRESENTATIVE, NATIONAL COUNCIL OF SENIOR CITIZENS

Ms. **Isaeff** Fine. Thank you.

I also, Senator, wish to thank you for inviting us today. And I would like to ask you, please, Senator, to push your amendment with the Senate House Conference on the Housing bill to reduce the rent in ratio for the elderly from 30 percent to 25 percent in federally assisted housing.

Many of our seniors do not seek medical assistance because of their last bit of pride. This 5 percent would allow them to seek medical care and bolster their pride.

I am aware that pride goeth before a fall. However, let their pride remain their last stand. For many, pride is all they have left.

Thank you so much, and good luck.

[Applause.]

Senator **Reid**. Gail Bishop, representing the American Association of Retired Persons.

STATEMENT OF GAIL BISHOP, REPRESENTATIVE, AARP

Mr. **Bishop**. Chairman Reid, I am the chairman-elect of the State Legislative Committee for the American Association of Retired Persons. Our 8-member committee, which will soon be 10, represents the 95,000 AARP members within the State of Nevada, before all of the Legislative and Executive branches of the State government.

An adequate supply of available and affordable housing for moderate- to low-income Nevadans is an issue that has been on the political backburner for too long. This field hearing brings this issue needed recognition, and AARP commends you for visiting Reno to hear firsthand some of the problems we are confronting.

Decent and appropriate housing is essential to sustaining the health and dignity of older Americans. Too many older Americans still cannot find or afford suitable housing. In addition, our current national housing policy does not respond effectively to the needs of a population that grows more frail over time. The Federal Government has a major responsibility in meeting this need. Yet, housing has virtually disappeared from the Federal agenda.

In 1974, the Nevada Division for Aging Services conducted a needs survey with the University of Nevada-Las Vegas. The results of the survey showed that housing was one of four major concerns of older Nevadans. Likewise, in a recent survey of AARP members and volunteer leaders, the lack of affordable housing emerged as one of the most serious national issues affecting older persons. Yet, under the administration, we have not come very far in addressing these problems at the Federal or State levels.

You refer to ACR24. I would just like to remind the Lieutenant Governor that the State Legislative Committee of AARP will monitor each and every one of those meetings to make sure that the concerns of the older Nevadans are articulated.

We have gone through some of the data on how fast the seniors are growing here in the State of Nevada. In 1985, data furnished by the Nevada Division of Community Services showed the over-65 group at 19,715, just within Washoe County. You balance that against the fact that we have 550 senior housing units available within the entire county. The list is cut off at 170, because 170 represents a 5-year wait. There are many, many more just waiting to get on the list. That will give you just an idea of our needs here in this county.

In Las Vegas, the land costs and the rents are high. Here in Reno, they are even higher. The HUD fair market rent for an efficiency unit in Clark County is $387 a month. In Reno, it's $477 a month. That is $90 a month higher than Las Vegas.

The newest trend in senior housing within the State—and the trend is growing nationwide—is what they call clubhousing: The development of congregate housing, where shelter and a range of services, including meals and housekeeping, are offered. Congregate housing with services will become increasingly necessary as older persons age in place and require nonmedical support to maintain themselves in their homes.

The support of congregate housing is one of the three things that we will ask the Senator to bring back to Washington.

AARP urges you to work for the following objectives to the Congressional authorization and appropriations processes:

First, require that at least 12,000 new units of section 202 housing be constructed each year. Section 202 makes loans to nonprofit sponsors, who construct housing with special features, such as ramps, grab bars, lowered counters, and so on, and services that would not otherwise be available to low-income older and disabled persons. The House Appropriations Committee has allocated funds for only 10,000 new units in its fiscal 1988 spending bill, which is lower than the current fiscal year. We hope that the Senate will raise that level to a minimum of 12,000 units.

Two: Permanently authorize and expand the Congregate Housing Services Program, which provides elderly residents of federally assisted housing, with nutritious meals and nonmedical services, thereby enabling them to avoid costly placement in a nursing home.

Both H.R. 4 and S. 825, the Housing Authorization bills now being considered in conference, provide for a modest increase in the size of this program.

AARP urges you to press for a spending level of at least $10 million for this program in fiscal 1988, a level which will maintain services in the existing 61 sites, and permit expansion to some 25 or more. There is sufficient allowance in the fiscal 1988 budget resolution to accommodate this level.

Three: Prevent the loss of privately owned, federally subsidized low-income housing projects that would result from prepayment of mortgages and subsequent conversion of those projects to other uses.

Between 7 and 10 percent of all Farm Home Administration and U.S. Housing and Urban Development projects serving the elderly will be eligible for prepayment within the next decade.

Provisions in H.R. 4 would enable the Federal Government to provide various incentives for the preservation of such projects as low-income housing, thereby preventing displacement of older tenants and others. AARP urges you to call upon Senate conferees to accept the House provisions, and support a moratorium on prepayment until this problem has been fully resolved.

AARP commends the Chairman and the Committee for holding these hearings and providing an opportunity to examine the situation in Nevada. We look forward to working with you in addressing these pressing housing problems, both at the State and national levels.

Thank you.

[Applause.]

Senator Reid. The last witness in this panel will be Joseph McKnight, Chairman and Project Director of the Seniors Village Project, in Carson City. Joe?

STATEMENT OF JOSEPH McKNIGHT, CHAIRMAN AND PROJECT DIRECTOR, SENIORS VILLAGE PROJECT OF CARSON CITY

Mr. McKnight. Thank you, Senator Reid and distinguished guests.

I am here today to actually direct your attention to some new ideas.

First of all, we are talking about people who are destitute. I think that before we are destitute, we have an opportunity to buy a small mobile home and move it into a mobile-home park, provided such a facility is available, with a structured rent so that we do not have to be subject to rent increases every year.

The actual shortage of housing that the builders' reports looks forward to is over 100,000 housing units in the coming 10 years. There is no way that we can build a million apartments. At $30,000 to $45,000 a piece, this is a minimum of $30 billion. There is no way we are going to get that much money out of the budget.

There is an ultimate alternative, a permanent solution which does not require huge Federal subsidies; in fact, it is entirely self-supporting.

We have run a feasibility survey in Carson City, and we have found that we can set up a mobile-home park which will give us, the first year, 100 units, and each year thereafter, for 4 years, another 100 units.

These will be fixed in ratio to rent, somewhere close to what it is today in Reno and in Carson City. But the rents will not increase, so that the senior is not going to drop into destitution because of it.

The gradual erosion of income for seniors after retirement, amidst his growing health-care expenses, make it imperative for him to find housing as soon as possible after he retires. And it must be affordable housing. It must be something that is easy to take care of.

Now, a mobile home is actually, today, not mobile. It is moved into a complex on wheels, and when it becomes obsolete, it can be taken out on wheels. And it has every bit the advantages of a stick-built home. There is actually no difference. If you were to look at a modern mobile home, you couldn't tell the difference.

So, this is what we are proposing: We are proposing that, by using these factory-built homes and Housing Authority-managed sites, actually we are having the State Rural Housing Authority manage the site we are developing, and having desirable housing alternatives which can be offered to retiring seniors, so that with a small investment, the average senior can buy his own mobile home; or, if he already has one, he can move it in.

There are 75,000 seniors in Nevada already living in mobile homes, so it is not new to them. In fact, most of the seniors prefer a mobile home because of its ease of care, and so on, which I am sure some of you people here can recall. It's a type of desirable living atmosphere that we are talking about.

This would be a very secure park, because we would have a guard house at the gate and limited or restricted entry, so we don't have to worry about the problems that Bob Miller brought up.

Some of the benefits that are going to accrue to Government as a result of endorsing this concept are, as much as 75 percent of the low-income senior housing can be provided at no cost to the taxpayer. Indirect benefits will be industrywide jobs for the manufactured-housing industry itself, and all of the development of the ground, setting up the pads, etc.

The already-existing housing programs will not have to be enlarged as much or as soon if this type of offer is given to the seniors.

Thank you.

[Applause.]

Senator Reid. The record should reflect that Miss Kaufman and Miss Isaeff are a mother-daughter combination. I am sure most everyone in the audience knows that, but I want to make sure that fact is recorded.

Miss Isaeff, could you relate to me the process you went through to obtain your current residence in Tom Sawyer?

Ms. Isaeff. We had applied—I should say, first of all, my mother did apply.

Senator Reid. When?

Ms. Isaeff. I believe it is now 4 years ago, 5 years ago. I believe she had to wait a year-and-a-half before she was able to get in, somewhere between 1½ and 2 years.

Senator Reid. She just corrected you to 2 years.

Ms. Isaeff. That's right. And shortly after she moved in, then I moved in with her, because of her physical condition. Her physicians would not allow her to live alone, because she has congestive heart failure.

Senator Reid. Was your experience typical, or do some people have to wait longer and some not as much time; or do you know?

Ms. ISAEFF. I know of—of course, this is since then—I know of many that have taken longer. I don't know any that have been less.

Senator REID. Tell me about your accommodations. Are you satisfied with them?

Ms. ISAEFF. Very much so. Very happy where we are.

Senator REID. Do you have friends, acquaintances and/or relatives who aren't able to get into Tom Sawyer?

Ms. ISAEFF. Yes, I do have friends.

Senator REID. Give me an idea of where some of those people live, without mentioning names.

Ms. ISAEFF. Well, as a matter of fact, the one that I was going to mention just got one, and will be moving in, I believe, next month.

Senator REID. How long has she been waiting to get in?

Ms. ISAEFF. Over 2 years.

Senator REID. And what kind of a place did she live in previously?

Ms. ISAEFF. She lives down on Grove Street, in a neighborhood that is not too nice a neighborhood. In fact, she has been very frightened. She has been afraid to go out at night, and quite frightened, because, as I say, she now, just this last week, received a place at Silverada, and is extremely ecstatic.

Senator REID. There was testimony given that encouraged me to support my amendment to the Housing bill in conference.

My amendment which passed the House and failed in the Senate, would lower the amount of adjusted gross income that you would have to pay to live in publicly-assisted housing from 30 to 25 percent.

Would that be of assistance to you? If you didn't have to pay the extra 5 percent, would that help?

Ms. ISAEFF. Very definitely.

Senator REID. At hearings like this one, I have heard people ask questions about how much income witnesses make and how much of it goes toward housing. 30 percent is a significant amount. I won't go into the amount of money that you make, from whatever sources. But you could do a lot with an extra 5 percent, couldn't you?

Ms. ISAEFF. Very definitely.

Senator REID. Congressman Ken Gray, from Illinois, is the one who pushed the amendment in the House that received over half the votes and passed. My amendment in the Senate only received 44 votes, but it does give us something to talk about in conference. I think it would be good if all of you wrote to Senator Cranston, who is chairman of the Housing Subcommittee, and tell him how important this is. He did not support my amendment on the floor even though he indicated that he would give me a hearing on this issue and consider it for new legislation next year. I think if you would contact Senator Cranston and have him push that legislation, it would be of significant help.

Ms. ISAEFF. We very definitely will.

Senator REID. Gail, what is your opinion of the voucher program? Are you familiar with the voucher program?

Mr. BISHOP. No, I am not.

Senator REID. We are going to hear more about this program and I hope that you have the opportunity to stay a little bit today and listen. The voucher program is pushed by some people, but I haven't heard of many. I know that AARP has taken a position on vouchers, but I'll talk to you later about that.

Given the Federal budget deficit that we hear so much about and the cost of constructing and rehabilitating housing, do you have any ideas about what should be done to encourage the private sector to address the senior-housing problem?

You gave me some statistics. You felt that there should be a minimum of 12,000 Section 202 units constructed each year.

Mr. BISHOP. That's correct.

Senator REID. You also indicated that there are only 10,000 units in the House bill. You understand the Senate bill has none so far, right?

Mr. BISHOP. I understand that, yes.

Senator REID. Is there anything else that you feel could be done on the Federal level?

Mr. BISHOP. Well, to attract the private money, which is over and above your nonprofit people that are involved in a lot of this housing.

Senator REID. Well, Gail, we are going to hear some testimony on that today, I am quite sure, from the home-building sector of the community. It is their contention that the private sector needs some tax incentives to continue building various types of subsidized housing.

Mr. BISHOP. Yes, I imagine that would be their position. It depends upon how much of a tax break they want. It is certainly reasonable to get them into it, to offer them some kind of a break.

Senator REID. Joe, I have one question. Is there any place else in the country with senior mobile housing?

Mr. MCKNIGHT. We have three successful parks of this nature, two of them in Las Vegas: the Rulon Earl Park and the Dorothy Kidd Park.[1] Both of those parks opened, and they were completely sold out in 15 days. We just had one recently put up, Vantage Glen, 30 miles south of Seattle, also very successful; 164 units, 252 persons.

And California has just started to do the same thing. At Rialto, which is outside of San Bernardino, they have already—the State loaned the Housing Authority money to buy the land, the site.

In San Diego, the city of San Diego purchased a mobile-home park simply for low-income seniors. It is really a very sensible way to go. It costs the Government nothing.

We don't have to go in and ask them to give us a $30 billion tax bite. So all they have to do is get a little support from HUD and some of the other places that have to do with the financing of the mobile homes.

Senator REID. So it has been done before?

Mr. MCKNIGHT. It has been done three times, successfully. And there are already two more on the drawing board, that are being financed.

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[1] See appendix, p. 148.

Senator REID. What obstacles remain before some of the projects you are working on can become reality?

Mr. MCKNIGHT. Well, at the moment, the State has funds which they have told us they will loan us to do the mortgage, the actual building. We should have funds to buy land. For instance, right now we are having to go out and lease land from the BLM on a 50-year lease, to get HUD to finance it, and get HUD to insure the mortgage.

This is going on right now. In other words, we are now applying for a SAMA letter for our particular set of units. We are going to put in a hundred the first year, and 100 each year, for 4 years.

So this is something that should be done nationwide because actually mobile homes, as you know, Senator, are easier to care for.

Senator REID. I appreciate your testimony. Ladies and gentlemen, thank you very much.

[Applause.]

Senator REID. I want to make an announcement. After the hearing, we are going to have some light refreshments that we have been able to provide. I encourage all of you to join us.

The next panel of witnesses that we have today represent the interests of the Nevada Indians. I don't know if all of the witnesses have arrived, but they have indicated a willingness to come forward and testify. And if, in fact, they have not been able to get here yet, their testimony will be made part of the record at some later time.

Those on panel three I would ask to come forward are Mr. Elwood Mose, Executive Director of the Nevada Indian Commission. Is Elwood here yet? Please come forward.

Mrs. Peggy Bowen, Commissioner, Nevada Indian Commission; Mr. Gerald Allen, Commissioner of the Fallon Tribal Housing Authority, Fallon, Nevada.

I also have some interested people in the audience; namely, Dr. Jerry Millett, Chairman of the Duckwater Shoshone Tribe, who has presented written testimony that we will make part of the record.

[The prepared statement of Dr. Jerry Millett follows:]

Thank you, Mr. Chairman. I am Jerry Millett, Chairman of the Duckwater Shoshone Tribe.

Thank you for the opportunity to appear before you today. I am aware that these hearings are for our senior citizens; however, my testimony includes all of the members of our community as well as senior citizens.

Mr. Chairman, I request that my written as well as my oral testimony be made part of the record.

My testimony today will discuss the low rental and mutual help homes on the Duckwater Reservation and the problems we feel exist with the payment schedules which are presently used for each.

One: Both LR, Low Rental, and MH, Mutual Help (Homeownership) housing is paid for by the Department of Housing and Urban Development and the homebuyer, as well as the renter that is in positive rent. That is where the similarities end—financially.

Two: Mutual Help housing is a good opportunity for Indian people with sufficient income to be able to pay their administration fee, utilities, landfill, and maintain their own home per the rules and regulations set forth by HUD, and enforced by the Housing Authority.

Three: The Housing and Community Development Act of 1981 gave the true authority to write regulations to increase Low Rent payments to 30 percent. This may work in public housing, but it has hurt Indians and their ability to get homes on tribal land are very slim even if there is no housing shortage. One-third of a person's income is considerable when housing can be obtained off tribal land, therefore leaving vacancies on tribal land. This does not help HUD's housing program or the tribe's efforts to be self-controlled and sustained. The 30-percent rule became August 1, 1982.

Four: Please consider these facts in housing on tribal land: (a) It is impossible to get private financing when the trust status of the land is under the tribe's control; (b) the Brooke Amendment had some options to the tribes, Housing Authority's, and HUD in the seventies. Our options are nearly zero; (c) Many tribes such as mine, Duckwater Shoshone Tribe, is a long way away from the main city or population. This also should be considered in allowing travel to, and from, a work standard deduction. To my knowledge, only medical (3 percent) and day care expenses are standard deductions.

Five: I feel the most important question we need to ask ourselves is what is best for the Indian people and HUD. Occupied Low Rent Homes or vacant Low Rent homes.

Six: Conversion may be the answer to some of our problems in holding on to Indian people and keeping them on the reservation. Conversion can be a lengthy process and many times the Low Rent tenant wishing to covert to Mutual Help does not meet the income criteria. In my conversations with rental tenants, they cannot understand why they pay 30 percent, twice what that MH pays, and MH (Homeownership). I can't ease their concerns or answer their questions when I do not fully understand the reasoning behind the 30-percent rule.

Seven: Mutual Help (Homeownership)—Payment schedules versus low rent: (a) Exhibit A: (MH Homeownership); Exhibit B: (Low Rent).

I have brought along two reexamination schedules. Both are fictitious, but will give you an idea of the real difference in MH and LR housing as far as monthly payments are concerned.

Exhibit A shows Mr. Ben Eagle with two dependents living in a three-bedroom home paying the minimum: $40 ad fee in MH.

Exhibit B shows the same family makeup, the same three-bedroom home and the same income in Low Rent, but here comes the big difference: Both families have a gross income of $20,000 and an adjusted gross income of $19,040, but the renter pays $232 more than the home buyer ($272 less $40 equals $232).

Mutual Help

Tenants Name Ben Eagle

Project # Unit #

Date of Re-examination

Gross Income		$ 20,000.00
DEDUCTIONS		
$480 for Each Dependent X 2	$ 960.00	
$400 for any Elderly Family	$ -0-	
Medical Expenses 3%	$ -0-	
Child Care Expenses	$ -0-	
TOTAL DEDUCTION		$ 960.00
ADJUSTED FAMILY IMCOME		$ 19,040.00
[redacted] X 15%	$ 2,856.00	
Divided by 12	$ 238.00	
Gross Payment		$ 238.00
Less Utility Allowance	3-bedroom	$ <204.00>
Actual Payment		$ 34.00
CONTRACT PAYMENT	$ 40.00	Administrative Fee (minimum)

Exhibit A

Low Rent

Tenants Name Ben Eagle

Project # ________ Unit # ________

Date of Re-examination ________

Gross Income $20,000.00

DEDUCTIONS

$480 for Each Dependent $960.00

$400 for any Elderly Family $ -0-

Medical Expenses 3% $ -0-

Child Care Expenses $ -0-

TOTAL DEDUCTION $ 960.00

ADJUSTED FAMILY INCOME $19,040.00

[redacted] X 30% $5,712.00

Divided by 12 $ 476.00

Gross Payment $ 476.00

Less Utility Allowance 3 bedroom $<204.00>

[✓ Actual Rent Payment] or Negative Rent $ 272.00

Exhibit B

Eight: Another important issue to keep uppermost in your minds, gentlemen and ladies, is should the Indian people want to live on the reservation temporarily to be near their relatives and live in their own community, should they be asked to pay twice the monthly payment of a person who is settled and purchasing his home? I think not.

Nine: HUD used to allow Housing Authorities to set ceilings according to the local market. We lost that in the late seventies.

Ten: Some will say that the Low Rent tenant gets his maintenance done free by the Housing Authority. True, he gets his maintenance done free that is normal wear and tear. I ask you for just 1 second to stop and think about the two exhibits I presented to you a little earlier. How much maintenance could you get done with an extra $232 a month, or $2,784 a year?

Eleven: The 30-percent rule is creating controversy on our reservation. It has cre-[illegible] discord amongst some members of the tribe, and I am sure we are not the only [illegible]rvation to be affected in this way. Last, but not least—The 30-percent rule has [illegible]ted vacancies where none should exist, or a very small percentage. We have [illegible] who want to return to their reservation, but can afford cheaper housing else-[illegible]re.

In conclusion, Mr. Chairman, we respectfully request your assistance in working [illegible] change the regulations so that the low rent payment schedules be reduced to 15 [illegible]rcent rather than the present 30 percent. We also request additional deductions [illegible] included, such as using net incomes instead of gross incomes and not counting disability payments as income. I believe the IRS doesn't count disability payments on income tax.

Senator Reid. Please come forward. Don't be bashful.

The first witness on this panel will be Mr. Mose. Mr. Mose, would you give your testimony?

STATEMENT OF ELWOOD MOSE, EXECUTIVE DIRECTOR, NEVADA INDIAN COMMISSION

Mr. Mose. Thank you, Senator. My name is Elwood Mose. I am Director of the Indian Commission, which is a State agency studying this matter pertaining to Nevada Indians in the State.

What I am offering you today, sir, is an overall look at the issue of housing on the Indian reservations. From our standpoint, the issue of housing is one which has got some cultural overtones to it. You are talking about a specific group of people whose problems may not so much, in themselves, affect the aged and the elderly, but take in everybody on the reservations.

The history of the Indians across the country, as well as in this State, is that, from leading a roaming life, the Indians were relegated to reservations. We have a population now of about 14,000 people. Of this number, about 45 to 50 percent live on the reservation, and the rest live off the reservation in urban areas. Our problems are rural in nature, except in those areas where native Americans live in cities like Reno or Las Vegas or Elko and Ely.

The tribal people have come a long ways from the days when shelter was more or less a wood shack with tar paper on the outside and a bare wood floor on the inside. I remember growing up in a house in which, if the wind blew on the outside, the air pressure would change on the inside.

So those days of the minimal housing are not quite over. We have some reservations in which housing is still substandard. There have been advances made, largely through Housing and Urban Development's building of either—building of housing from the ground up or establishing prefabbed homes on the reservations.

We have in the State, across the State, a total of about 1,234 of what is called mutual-help homes, which are houses in which a housing participant pays, as part of a project, pays for ownership of a house. And of that, about 382 units are occupied by the aged and the elderly.

Senator **Reid**. Three hundred eighty-two out of how many?

Mr. **Mose**. Three hundred eight-two out of 1,234. There are a total of—counting low rentals there are also projects, apartment houses, which, in the urban areas in which—let's see—there are about 1,525 total housing units in the State, and out of that about 382 are elderly-occupied.

The problem with—the major problems that we find in an Indian community, with the elderly, especially, is that all of the land, first of all, on the Indian reservations, are owned by all of the Indians.

In order to build houses, the Indian people have had to establish 25-year leases with Housing and Urban Development. These leases are renewable up to a period of 75 years.

If we look at it from the standpoint of just shelter, the Indians are taken care of, somewhat taken care of. If you look at it in terms of home ownership, this is a different matter altogether. The Housing and Urban Development's rule called for total payoff of a project before any deed or title passes to the housing participants.

What we have is a deed that passes on from one generation to another. If an elderly housing participant dies and the housing is carried on by the successors, the inheritors.

The other problem we find—and the question of whether or not the land—say, for instance, everybody in the project does pay off their house. They are investing in about a $45,000, $50,000—I forget what the top-of-the-line house is but it's a considerable amount of money. You have got people now who are paying based upon income; some people may be paying as high as $300 a month, other people may be paying as low as $45 a month.

The problem is that nobody owns anything until after the entire project is paid off.

What you have got, on the other hand, is problems connected with maintenance. These houses are not covered by any maintenance agreements, and all maintenance is left up to the individual homeowner.

We have had instances—which I think Peggy will point out—on reservations, where the housing has not been built up to standards. As a result, houses are falling apart. You have got leaks, sagging floors, and you have got foundations which are crumbling. The people in them are having trouble paying for them. They are on a minimal income.

What happens is that pretty soon it's a Catch 22, in that you are not really—you don't really want to pay for housing which is falling apart, yet, on the other hand, you are held to paying for it. If you don't pay for it, you end up having to, in some cases, abandon it.

The Housing Authority will say, "Well, you are not taking care of your house. You have got to do something, or move on, or abandon it."

So we have got those two major problems: Maintenance, and we have got the title—we have got the problem with paying off the project. And the big problem there is the house which may not be paid off.

As far as housing units on these reservations where people have had trouble paying off their housing, Housing and Urban Development says, "We are not going to build any new houses." So, in effect, the elderly, the aged are faced with no housing at all.

We will, at a later point, be submitting some more testimony. We have had some trouble with out data.

Senator REID. That will be made part of the record. We appreciate your testimony.

Peggy Bowen, Commissioner, Nevada Indian Commission.

STATEMENT OF PEGGY BOWEN, COMMISSIONER, NEVADA INDIAN COMMISSION

Ms. BOWEN. Senator, I speak to you not only as a Commissioner from the State of Nevada Indian Commission, but also as a teacher who taught in McDermitt for 5 years. I need to talk to you about the actual housing conditions that I saw. I would take children home, and they would make me drop them at least half of a mile from the physical structure, so that I wouldn't see what deplorable conditions they were living in. I was invited into other homes on rare occasions.

We have families on the Fort McDermitt Reservation that live in housing that may have been at one time somewhat adequate, but because of changes in codes and deterioration, they are no longer close to adequate. HUD does not provide for repairs or modernization.

There is no plumbing, no electricity. Outdoor privys exist and are used out of necessity. And this is in the 1980's.

As I speak to you this day, there are homes in that condition. I know it sounds impressive to say: "Almost 50 percent of the elderly at the Fort McDermitt Reservation have been in need of housing assistance and not had it or be able to get it within at least 10 or 11 years." Fifty percent of even a few small numbers just illustrates how little there is even for a few.

We are talking small numbers of people. Eighteen people, 18 elderly, 65 and older, have had some assistance. The houses are now 30- and 40-years-old. That was the assistance they received on the Fort McDermitt Reservation. The fact that so little assistance is available is deplorable.

We have 16 who have received no assistance whatsoever, and that is in the last 10 or more years.

You have conditions out there in which people in this room wouldn't want to live. You have a situation where, if your neighbor doesn't pay off his home or her home, no one in the tract can get title to their home, even if you had paid yours off. You don't get title to it until the entire project is paid.

What happens if, after 75 years of passing this bill on, it is not paid off? What happens to your Indian allotment of land? Does it go to HUD? Because HUD leases that land and keeps a lease on the land until the home is paid for or, in Native American cases, until the project is paid for.

So, is this a fancy way for the U.S. Government to take back reservation land? I am not sure. I probably need more information on that.

I am very concerned that we have gone in at different points in time, and we have provided some housing. It is sort of like giving birth to a baby and saying, "Well, I have done my job; now you do yours."

There is no work done ahead of time for the prefab home, for the foundation for the prefab home to be put in, where HUD is concerned.

All they do is deliver the structure. That is why a lot of the homes don't have the plumbing, and they don't have the electricity, simply because they who are receiving the homes, didn't get it done because of lack of skills, or the elderly couples that were to receive the structures didn't have the ability or the background to do the work. Roofs leak and sag because the tribes were not trained to put the prefab together. HUD housing is like Tinker Toys. Here are all the parts. Go to it.

I am very concerned about our Native American housing in this State. It has gotten to the point that it is sub-human.

Thank you very much, Senator.

Senator **Reid**. Thank you very much, Peggy.

[Applause.]

Senator **Reid**. The final witness in this panel is Gerald Allen, who is a Commissioner with the Fallon Tribal Housing Authority.

Mr. Allen.

STATEMENT OF GERALD ALLEN, COMMISSIONER, FALLON TRIBAL HOUSING AUTHORITY, FALLON, NV

Mr. **Allen**. Senator, yes, I would like to just comment in regard to the particular Fallon Housing Authority. In the past, we have had three projects in regard to Federal housing. Out of those three projects, a total of 97 units were built. In those 97 units, 25 of those were actually occupied or became—or has right now 25 elderly people living in those units.

There is a problem that we see in our Commission, in the fact that they need to be addressed more; the concerns for the seniors and the elderly need to be addressed.

We have tried to do this in regard to—in screening the applications, reviewing those people that need the homes, in regards to others that have applied.

We get a project that is to come into the reservation; we get applications of maybe a hundred people. A small percentage of those are elderly.

They look at that; they review the family composition, the income. All of these things have a bearing as to who would be eligible to receive a home. And a lot of the times, in regards to this, the elderly themselves are more or less put on a low priority because of that.

There is times that, because of their incomes, in looking, they indicate that there is a problem of them possibly trying to even make 30 percent or whatever is required in making the payments.

But because of this, it is a concern of the Housing Authority, and these need to be addressed, in regards to the elderly.

Senator **Reid**. Thank you very much.

[Applause.]

Senator Reid. I would like to ask anyone on this panel to answer a question: Bearing in mind the standard of living on the reservation that has been described, do Native Americans live a shorter period of time than the rest of the American population?

Mr. Allen. We find out that, during this day and age, that the elderly, overall, have a tendency to have a longer life span than what they had in the past. But because of the poor living conditions that exist on some reservations, there was a shorter life span. But there are few that are living to an old age.

Ms. Bowen. Senator, I don't know how much of a bearing this might have on it, but, if I were living in some of the conditions that I have seen on the reservation, you might note how high the suicide rate is among the Native-American population. I think that their deplorable living conditions could be one cause of their depression.

Senator Reid. We will get this information. That is a question that I would like to have answered.

You know, part of participating in government is always learning new things, and I have already learned from the witnesses we have heard from today. I think the testimony has been, for me, personally, very enlightening.

The one thing of which I had no knowledge whatsoever is the way that the housing is administered on some of these reservations; that you have to pay off the entire tract prior to anyone being able to get title to a home.

Can you imagine moving into a tract home in Washoe County and working out a deal with the person selling you the home and then, just before you get ready to leave, the salesman says, "You understand we have 40 other houses in this tract, and I can't give you title to your home until they are all paid off, too?"

That is really unbelievable. That is something we will investigate. I appreciate very much your testimony.

[Applause.]

Senator Reid. The next witness will be Ms. Myla C. Florence, Administrator, Department of Human Resources, Division for Aging Services, Carson City, NV.

While Myla is coming forward to get ready to deliver her testimony, I would just like to say that she has really been an advocate for seniors in Nevada. She has been back to Washington countless times while I have been there to personally lobby me on a variety of aging issues. She is a good spokesperson. I am looking forward to your testimony.

STATEMENT OF MYLA C. FLORENCE, ADMINISTRATOR, DEPARTMENT OF HUMAN SERVICES, DIVISION FOR AGING SERVICES, CARSON CITY, NV

Ms. Florence. Thank you, Mr. Chairman. I am Myla Florence, Administrator of the Division for Aging Services, the State Unit on Aging, which is a division within the Department of Human Resources. I appreciate having the opportunity to speak to you today regarding our agency's concern about the declining availability of affordable housing for low- and moderate-income seniors, and the increased need for supportive services essential to those fortunate enough to live in congregate housing.

Our State has experienced extraordinary growth of its senior population over the last decade, and its is anticipated to increase another 285 percent from the period of the last census to the year 2000.

A significant contributor to this population growth is the in-migration of the young-old or near-elderly who are attracted to our State because of its low taxes, favorable climate, and independent spirit.

Our offices receive numerous inquiries each week from individuals contemplating moving to Nevada, soliciting information about low-cost housing. People are often astonished when advised that the waiting list may exceed 2 to 3 years.

Another difficult situation we frequently encounter is a call from a recent widow who must relocate because of a loss of income, in addition to the loss of her spouse. This coupling of loss of home, income, and spouse is obviously overwhelming and exasperating, when advised that low-cost housing is essentially unavailable.

Calls are also received from resident managers concerned that their tenant can no longer function independently, and thus become ineligible for continued housing assistance. Many residents who were age 65 at initial occupancy have now reached their eighties. They are frail, less-mobile and have more incidents of health problems.

While they may not require the skilled or acute care provided in nursing homes or hospitals, they do need assistance with activities of daily living in order to remain in an independent rental apartment.

The aging in place of resident populations is presenting new roles for housing managers, and future directions in congregate housing must incorporate the notion of housing and services.

The Congregate Housing Services Program has successfully demonstrated that at-risk tenants can avoid institutionalization when comprehensive service packages are provided. These services might include meal preparation, shopping, homemaking, and personal care. We urge your continued support and expansion of the Congregate Housing Services Program.

It is estimated that less than 20 percent of the eligible seniors in Nevada are served by programs providing housing assistance. Some possible explanations offered by researchers are:

The complexities of accessing the system.

Most older persons prefer to remain in their own home.

The more frail the older persons, the more difficult it is to search and to conceive of and make a move.

Finally, once housing is identified as available and appropriate, the long waiting lists frustrate potential eligibles. The decision to place one's name on a waiting list is a kind of commitment to move, which is not made lightly by older persons. Offering such an option with little promise of consummation may be regarded as irresponsible.

For the older homemaker, different concerns exist. The homemaker is faced with the physically and frequently economic inability to maintain repairs on his or her own home. In rural Nevada, 57 percent of persons 65 and older own their own homes.

The housing owned by the elderly is frequently older, in poor repair, and in neighborhoods which may be disintegrating. This leads to increase in anxiety of the older occupants, whose greatest concern is safety. Low-interest loans are available for repairs and maintenance. However, this may be of little value to a generation without a credit-card mentality.

Should we not be designing subsidy programs for repairs and maintenance, just as we do for rentals?

Adequate income and affordable health care are normally listed first and second by older Americans when questioned about their priority needs. Housing is usually expressed as the third issue of importance.

Housing goals for the Nation and for the elderly were established under the Housing Act of 1937, which called for a decent and safe environment for all Americans, and, again, it comes under the Older Americans Act of 1965, which included among its objectives suitable housing and accommodating special needs at a reasonable cost for the elderly. Despite these ideals, for many older persons, the opportunity to pursue satisfactory lives in safe and affordable homes is far from a reality.

As the elderly needs vary by age group, location and income level, it is clear that no single approach can address those needs. The Federal commitment to the development of a comprehensive package of programs must be revitalized. Only then can we ensure that our Nation's elderly will have a variety of options from which to choose an appropriate and affordable solution to their particular needs.

Thank you, Mr. Chairman. I will be happy to respond to any questions you or the Committee members may have.

[Applause.]

Senator REID. You mentioned the value of congregate housing as did Mr. Bishop. It is my understanding there are programs like this now in existence; is that right?

Ms. FLORENCE. That is true.

Senator REID. It is beyond the talking stage in some places.

Ms. FLORENCE. That's correct. Nevada has no such program under that congregate-housing plan, within our State. We would certainly seek to have it.

Senator REID. Have you been to a congregate housing facility?

Ms. FLORENCE. Not funded under that act. I think we have some programs that are close in design. However, not receiving Federal financings under that act.

Senator REID. What is the Division for Aging Services doing to provide supportive services, within the limitations of your budget, to the Nevada seniors? Give me some of the ideas.

Ms. FLORENCE. OK. A recent development that we are very proud of is the legislative approval of the Governor's Senior Initiatives Program, which will provide financing for in-home services to individuals who are at risk of nursing-home placement.

Under this program, homemakers' services, attendant care, adult day care, congregate meals, and emergency homebound meals can be provided. We also provide approximately a third of our funding to in-home services.

Senator **Reid**. Now, it is my understanding that you have limited amounts of money for these programs.

Ms. **Florence**. That's correct.

Senator **Reid**. If you had more money—and it wouldn't take a great deal when compared to other dollars that we have spent—do you think that you could save the Government money by keeping people out of extended care facilities, rest homes and hospitals?

Ms. **Florence**. Absolutely. We have some very substantial figures which represent enormous savings to the State and Federal Governments, with the provision of in-home services.

Senator **Reid**. Give me your opinion of the voucher program.

Ms. **Florence**. I think it is an inadequate response to an evergrowing problem. I think there is a great deal of concern about whether administrative costs are, indeed, lessened through the voucher program. And the availability of housing, I don't think, is stimulated through the voucher program.

Senator **Reid**. You used a term that I am going to always remember. You indicated that Nevada is experiencing an in-migration of the near-elderly. That is a very interesting term of art. What you are saying is that there are a lot of people who are almost senior citizens moving to the State of Nevada.

Ms. **Florence**. That's correct.

Senator **Reid**. And that is one reason that by the year 2000 we are going to have such a large increase in the number of senior citizens in the State?

Ms. **Florence**. I think that is one factor, definitely.

Senator **Reid**. We have heard a significant amount of testimony here today about how long people have to wait to get into housing. We have also heard you testify that some people, because of the complexities of the system and the forms that need to be filled out, simply don't bother. Isn't that what you said?

Ms. **Florence**. Unfortunately, I think that is true.

Senator **Reid**. My wife is doing some work on some committees in the State dealing with illiteracy. And I would bet based upon what I have learned from her work, that everybody here, with rare exception, is literate. They live in Tom Sawyer or some other senior complex, and they can fill out the forms. But would you agree with me that there are many people who don't even bother to apply because they are afraid to, because they don't read adequately?

They may not understand the English language very well. They may not have a decent education. Do you think there are people like that, who simply don't bother?

Ms. **Florence**. I think so. The system is intimidating to people who can read and who are skilled in communications, so certainly those who do not have those skills would be even more frustrated and intimidated by that process.

Senator **Reid**. Thank you very much for your testimony. I appreciate the good work you are doing for the people of the State of Nevada.

Ms. **Florence**. Thank you, Senator Reid.

[Applause.]

Senator REID. The next panel of witnesses consists of Mr. Mike Holm, who is the District Director of Farmers Home Administration, from Fallon, Nevada, and Miss Suzanne Bailey, Deputy Director of the Housing Development Division, U.S. Department of Housing and Urban Development, from San Francisco.

Would you both come forward, please? We appreciate your traveling to Reno from as far away as Fallon and San Francisco. I appreciate your being here.

Mr. Holm, would you testify first, please?

STATEMENT OF MIKE HOLM, DISTRICT DIRECTOR, FARMERS HOME ADMINISTRATION, FALLON, NV

Mr. HOLM. Mr. Chairman and members of the Committee: I appreciate the opportunity to be here today to discuss the Farmers Home Administration Rural Rental Housing Program as it applies to the elderly. As District Director, I am responsible for this program for the agency in Nevada.

Funds appropriated by the Congress each fiscal year are allocated to the States on the basis of rural population, percentage of substandard housing and income levels. Funds that are not used by a certain point in the fiscal year are placed in the national pool and then awarded to projects on a first-come, first-serve basis.

A State can end up with more funds actually obligated than originally allocated, if it has an active program. This has happened several times in Nevada. The projects may be sponsored by public agencies, cooperatives, or private investors.

The following is a history of our rural rental-housing funding in Nevada for the last 5 fiscal years:

In 1982, with an allocation of 1.5 million, we obligated 3.6 million. The number of apartment units was 107 units; of those, 11 percent were for elderly.

In 1983, the fiscal-year allocation was 1,618,000; we obligated 3,618,000; and 113 units, of those, 5 percent for the elderly.

In 1984, our allocation was 1,676,000; we obligated 5,465,850. Percent of units for the elderly: 10 percent.

In 1985, an allocation of 1.9 million, we obligated a little over $4 million. Total number of units, 96. Of that, percent for the elderly was 50 percent.

The 1986 fiscal-year allocation, we have 1,620,000 allocation, and we obligated 1,680,000 or 43 units. Forty-four percent of that number were for the elderly.

In 1987, our allocation was 1,620,000, and we have obligated to pay close to a million dollars.

We have several projects that are well-advanced and are of such high quality that we are hopeful of obtaining something over $70 million from the national pool. If we are successful, we would end up with 223 units this year, with 23 percent of them reserved for elderly residents.

As the figures suggest, the program has been very successful in Nevada, providing adequate, affordable shelter for low-to-moderate-income people. Rents are made affordable in part, by reduction to 1 percent in the interest rate on money borrowed by the investor. In addition, projects built specifically for the elderly usually benefit from rental assistance. Under this program, tenants pay a maximum of 30 percent of their income, and rental assistance from the Federal Government makes up the difference in arriving at a reasonable rent.

The amount of rental assistance available is one factor that determines the number of units that can be built for the elderly. Their lower average incomes sometimes make it impossible for them to pay full rent without assistance. Without the guaranteed income from the rents, a project would not be financially sound, and Farmers Home Administration will not make the loan. In our State, it is usually not feasible to build a project for the elderly unless rental assistance is available.

The major reason the 1987 fiscal-year allocation has not been spent is some uncertainty relating to the 1986 tax revisions. Under the new law, this program is not as attractive to investors as a tax shelter, because the depreciation factor was changed.

In addition, projects must qualify for tax credits, which are based on the number of units rented to tenants within certain income categories. Further, the number of individual investors has been reduced by a requirement that they must have a certain amount of passive income that can be offset by the passive losses provided by the tax credits.

This completes my statement, Mr. Chairman.

Senator REID. Thank you, Mr. Holm. Miss Bailey.

[Applause.]

STATEMENT OF SUZANNE BAILEY, DEPUTY DIRECTOR OF HOUSING DEVELOPMENT DIVISION, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, SAN FRANCISCO, CA

Ms. BAILEY. Thank you for the opportunity to appear before you today to discuss the role of the U.S. Department of Housing and Urban Development in the provision of housing for the elderly. The Federal Government's participation in the financing and development of housing is an exceedingly complex subject. I would like to present just a brief overview of HUD programs, with particular emphasis on elderly-housing issues and the situation in the State of Nevada.

The painful truth, as you have heard today, about the Federal Government's role in housing is that there is never enough to go around. There are always many more persons who technically qualify for Federal-housing assistance than can be accommodated with available funds.

No Federal budget, from the time the Federal Government first became involved in public housing, has ever been able to do more than chip away at the total need for housing assistance. And, as each annual increment is made, the Federal Government incurs a long-term obligation to support each added unit with annual payments.

A steady progress has been made in increasing the number of persons served by Federal-housing-assistance programs. In 1980, about 3 million households nationally were subsidized by HUD; by 1987, that figure had grown to over 4 million subsidized households.

Over the years, HUD has utilized a variety of funding mechanisms to support housing. Many of those have been very expensive. The newest of the subsidy mechanisms, the Housing Voucher Program, is expected to be the least expensive, while at the same time maximizing the degree of choice for the recipients. Vouchers can provide housing assistance to low-income persons at a cost almost three times less than that of new construction.

In order to explain how HUD impacts the plight of low- and moderate-income elderly persons who are seeking suitable housing, it is useful to briefly review the key HUD program, which can be used to provide housing for the elderly.

HUD provides resources to benefit the elderly under a number of different programs. In all of these programs, HUD acts primarily as a financial intermediary, channeling Federal financial resources in the form of grants, loans, loan guarantees, interest payments and rent subsidies to State and local public agencies and to private entities.

HUD does not initiate housing proposals; does not design, develop, nor construct housing projects. The Department depends on local organizations and local initiative to take advantage of the programs which Congress makes available through the Department.

Our largest grant program is the Community Development Block Grant Program, through which we provide about $2.5 million annually to the two eligible cities in Nevada, to be used, at the discretion of local officials. The actual use of the money hinges on local plans and priorities. Many communities across the country have devoted substantial portions of their Block Grant funds to housing-related purposes. In Nevada, both the cities of Las Vegas and Reno receive annual Block Grants on an entitlement basis.

HUD's housing programs fall into two categories, subsidized and unsubsidized, although an individual housing development may benefit from both types of programs.

The unsubsidized programs are commonly referred to as the FHA Mortgage Insurance Programs. Under these programs HUD insures private mortgage lenders against loss of mortgage money to foreclosure or default. These moneys finance both construction of single-family homes for individual home ownership, and most high-family rental accommodations.

The rental complexes financed by FHA-insured loans can be, and often are, reserved for occupancy by the elderly. However, since the rents charged must be sufficient to make mortgage payments and pay for the operation of the project, they may be out of range for many of the elderly population. In such situations, project owners have used combinations of other resources, often including HUD rental subsidies, to bring rents into reasonable ranges for modest-income elderly renters.

The subsidized programs are best categorized into two types: Those operated by private owners and those operated by local public housing authorities. In both cases, HUD's subsidies are provided to keep rents low for low-income persons.

In the case of private owners, HUD provides for lower rents, either by subsidizing the mortgage interest rate paid by the project owners, or by providing a direct rental subsidy.

In the case of Public Housing Authorities, HUD assists in two ways: Under the older of the two programs, HUD provides the financial resources to enable a PHA to build, own, and operate low-rental public housing. Under the newer programs, called the Section 8 Certificate and Voucher Programs, HUD provides annual grants to PHA, which subsidize rents for low-income tenants in privately owned rental units.

The unsubsidized FHA Mortgage Insurance Programs are routinely available. Potential developers must have the financial resources to undertake the project, as well as the skill and experience in the complexities of housing development.

Developers and their lenders submit the detailed plans for various HUD reviews, in order to obtain mortgage insurance. But the overall responsibility for the development initiative rests with the developer.

The subsidized programs are generally competitive in nature. The amounts of money available under these subsidized programs depend on the level of allocations made available annually by Congress. Typically, these funds are distributed to the 10 regional offices of HUD, and then made available to local agencies and organizations through some kind of competitive process.

Certain of the older subsidized programs—such as section 236 and section 221(d) below market interest rate loans—are no longer active in terms of new commitments.

Each year, HUD provides increments of section 8 certificates and vouchers to local public housing authorities. Since there is never enough funding to meet the potential demand for Section 8, the Department attempts to distribute the limited funds available each year in an equitable fashion.

Normally, the section 8 funds are assigned to the various PHA's, based on their previous performance in utilizing their Section 8 funding.

The PHA's in the State of Nevada routinely receive annual increments of section 8 funding. They, in turn, determine how much of that subsidy will be reserved for elderly persons and how much will go to low-income families.

Two programs are currently available to subsidized privately developed rental housing: The section 202 Direct Loan Program, and the Housing Development Grant Program.

Section 202 projects are designed exclusively for occupancy by low-income elderly and the handicapped. The annual competition for funds to construct new projects under section 202 is only open to genuine nonprofit sponsors.

Interested nonprofit organizations submit applications, which are rated and ranked against other nonprofit applications competing for the funding which is available in the four-State region of our region.

Since the inception of the 202 program, Nevada nonprofit sponsors have successfully competed to secure nine section 202 projects, comprising 611 housing units.

The second subsidy program open to the private sector is the Housing Development Grant Program, or the HODAG Program. In the HODAG Program——

Senator **Reid**. Miss Bailey, your 5 minutes are up. Could you wrap it up? We will make your statement part of the record.

Ms. **Bailey**. Sure. Thank you.

In summary, HUD attempts to distribute available funds equitably to all geographic areas of the country. Unfortunately, there are never enough available resources to meet the total need for housing subsidy.

HUD's investment in elderly housing resources in Nevada is not insignificant. We currently support a substantial amount of housing reserved exclusively for the elderly in the State of Nevada, including 1,014 low-rent public-housing units; 1,376 units covered by section 8 rental assistance; more than 1,400 units which receive some form of mortgage interest subsidy.

Thank you.

Senator **Reid**. You are sure welcome.

[Applause.]

Senator **Reid**. Mr. Holm, there is a general feeling that if you live in rural Nevada, you don't need help with housing, that there is more of a community of people there to help you, and that the problems that relate to senior housing are confined to the metropolitan areas.

Would you comment on that?

Mr. **Holm**. Well, I think the fact that we have approximately 370 units of elderly housing in the rural area indicates that there was a need and a demand for it.

Senator **Reid**. So, am I hearing you say that you don't feel there is a difference between living in rural Nevada or in metropolitan Nevada if you are poor and have no home; is that right?

Mr. **Holm**. That is true.

Senator **Reid**. Please, then, based upon the testimony that you have given and the question that I just asked, in layman's terms, assess the need for senior housing in rural Nevada.

Mr. **Holm**. Well, I think, you know, the statistics that we have financed a good deal of housing for the elderly. But it is primarily based upon our allocation. If we would have had a larger allocation, we could have provided much more housing for the elderly. But because they just—I would say 95 percent of our units are funded through the Rental Assistance Program.

Senator **Reid**. Would you—pardon me.

Mr. **Holm**. And that indicates that there is a need for the subsidy in the rural areas.

Senator **Reid**. Explain the section 504 program to me.

Mr. **Holm**. The 504 Program is a program that is designed for the elderly and families in our program limitations, which provides funding for a family that owns property, to rehabilitate that house, fix substandard components of the house: roof, insulation, heating system, this type of thing.

Senator **Reid**. How much was Nevada's section 504 allowance in 1987, if you recall?

Mr. **Holm**. It was approximately, loan and grant, $35,000.

Senator **Reid**. It is my understanding, though, that that money was not distributed; is that right? Or was it?

Mr. **Holm**. That money was not spent.

Senator **Reid**. Why not?

Mr. Holm. Priority. You know, that program is funded out of each county office that I supervise.

Senator Reid. But the money was available?

Mr. Holm. The money was available.

Senator Reid. But, again, tell us why it wasn't spent.

Mr. Holm. Because each individual county supervisor had a different set of priorities, sir.

Senator Reid. Did some counties handle it better than others, or spend more on a percentage basis than others?

Mr. Holm. The difficulty of that program, what we have heard today, is that it is a program that we have to go out and seek the elderly, because of their pride, et cetera, et cetera.

It is not a typical program, where the people come in the door of your county offices. It is one that we have to generate an element.

Senator Reid. What can we do to make people more aware of the section 504 Program?

Mr. Holm. We are trying to work through the State agencies that work with the low-income families, to make them aware of our programs, so we can dovetail in part of our program with programs like the weatherization program and others that the State agency works out of the rural areas.

Senator Reid. Miss Bailey, I have your resume here someplace. How long have you worked for HUD?

Ms. Bailey. I have worked for HUD 16 years.

Senator Reid. That is what I thought. And I say this in an affirmative way: You have done a great job here today trying to cover up for the Federal Government. The Federal Government, I have found, is loaded with caring, talented people. You are the one who is on the firing line, who has to take all of the abuse that is caused by budget cuts and things of that nature.

But the fact that you are a good team player is obvious from the testimony that you have given today. I am not going to embarrass you in any way because your testimony has been excellent. You have tried to rationalize that there are more people out there than the money can handle.

Of course, we have to recognize that in the past 7 years, the federal housing budget has been cut almost 70 percent. In fairness to you and to the people out there who are looking for more help, we have to recognize that there have been huge cuts; no sector of our economy has been hit any harder than housing. Even though you have done a good job trying to rationalize what you have, you can only do so much with a limited amount of resources. There simply isn't enough to go around.

That is the problem that we have in Washington. It is not your fault. I am sure, if you could set the priorities, they would be different.

I appreciate both of your testimony. You have been very helpful in making this record focus on some of the problems we now face.

Thank you.

Ms. Bailey. Thank you. [Applause.]

Senator Reid. The next panel will be one that I have been particularly eager to hear from: Mr. John McGraw, Executive Director, Housing Authority of the City of Reno; the Honorable Gustavo

Nunez, Reno City Council; and Mr. John B. Hester, Assistant Director, Washoe County Department of Comprehensive Planning.

Would you three gentlemen come forward, please?

While they are preparing to give testimony, I will also indicate that Mr. McGraw has been to both my House and Senate offices, and he is a very caring person. I always look forward to meeting with him because he doesn't talk in generalities; he talks specifics. And I am sure he will do that today in his testimony.

Would you proceed, please?

STATEMENT OF JOHN D. McGRAW, EXECUTIVE DIRECTOR, HOUSING AUTHORITY OF RENO, NV

Mr. **McGraw**. Thank you. Mr. Chairman, members of the committee, honored guests: The Housing Authority of the City of Reno wishes to welcome you on the occasion of the first Senate Aging Committee field hearing that Senator Reid will chair as a new member of the Committee. We wish also to thank you for giving us an opportunity to testify on an issue of critical importance to our community.

I am testifying here today on behalf of the Reno Housing Authority. The Housing Authority acts as the housing agent for the cities of Reno and Sparks and for Washoe County. The population of the area is 234,000.

It is proper that you hold these first hearings in Nevada, for our State has the fastest-growing senior population in the Union. Most seniors on our waiting list wait 5 years for housing. Yet, in the face of this situation, the Federal Government has cut its Federal housing assistance budget 85 percent in the last 7 years, and we at the local level are staring the resulting problems in the face.

In 1975, Jeanne Griffin did a report for your Committee on how older Americans live. In it, she indicates that seniors age 65 and up have annual average incomes of less than $16,000 per year; and that nearly 40 percent of women over the age of 85, and more than 25 percent of men in that age group live in poverty. In 10 years, the number of older Americans will double, and the very-old will triple.

People in the baby-boom generation are just celebrating the 20th anniversary of their high school graduation. In just 20 more short years, that baby boom will become the "senior boom." Many believe that, because of its numbers and because seniors are more likely to go to the pools, that generation will have tremendous political clout and will wield that clout to garner a greater share of the American pie than any previous generation.

But before those of us in that generation reach for our share of the pie, we should take a look at the size and kind of pie we have to eat. We may not only have to give it back to the baker, we may have to get back in the kitchen and help. The gross national product, upon which we will rely, will depend on the capability of succeeding generations.

Our society is changing from industrialized manufacturer to knowledge and information producer. In an highly competitive world market, our national success depends on how quickly and effectively we change. The change will require a large part of our work force, who are now unskilled factory workers, to become more skilled technicians to keep up with fast-paced improvements in technology, which will be the source of their livelihood and our gross national product.

However, one-third of the national population is marginally literate to illiterate. That third will restrain the progress of the Nation, unless we commit to a drastic change in our policies toward training, retraining, employing, and caring for our population. For one-third of the Nation, the intense stress of daily survival impedes progress toward the conversion. For example, those making less than $25,000 annually are paying an average of 46 percent of their incomes for housing. At current trends, by the year 2010, 76 percent of the Nation will be low-income.

Home ownership has shrunk from 65 percent to 60 percent of the Nation in the last 10 years. Nationally-prominent statisticians estimate the homeless population at 2.2 million.

The "senior boom" in this environment results in a new phenomenon which is known as "elderly meltdown," a term used to describe the disposal of assets by the elderly to survive. A large and growing portion of the Nation is disarmed in the conversion struggle under the stress of seeking to maintain the basic implements of survival, like food and shelter, while they look forward to elderly meltdown.

In the face of all this, it is imperative that we, as a Nation, summon our courage and make the investment now, not only in the maintenance of the quality of life of the current elderly population, but also the investment required to assure the capability of future generations to support those of us who have already made our contribution.

We request your specific and immediate action on the following, Senator:

We understand, first of all, that the Federal Office of Management and Budget has very recently directed that the 1990 census delete from its consideration collection of data relative to housing issues. This would cripple our ability to accurately assess, document, plan for and meet the needs for housing assistance. We request that you investigate, and, if confirmed, seek to rescind this travesty.

Second, we have provided you a recent video tape of a local TV newscast on "The Graying of Nevada." We have also provided a copy of the National Association of Housing and Redevelopment Official's comparison of the House and Senate versions of the Housing Authorization Bill.[2] We request that you seek passage of the provisions supported by NAHRO, as indicated. We also request that you seek passage of a corresponding appropriations bill. We have provided a copy of a listing of the conferees of both Houses for your convenience.

Third, Senator Reid, we commend you on your outstanding efforts to reduce elderly assisted housing rents from 30 percent to 25 percent of income. We commend and thank the Special Committee for your strong support for authorizations in the Senate Housing

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[2] See appendix, p. 154.

Bill for support services for the frail, elderly persons living in public and Section 202 housing. We encourage you to continue your support for a funding level of $10 million for the program.

Fourth, and last, we request that you support passage of currently proposed welfare reform legislation for the National Academy of Arts and Sciences to conduct a 1 year study, and to submit recommendations to reform the welfare payments system and associated education, training, and job-placement programs.

Thank you for all of your attention and follow-through. Senator Reid, we want to thank you, in particular, for all your guidance and assistance with the Federal Housing Program and that which your staff has provided. Thank you for sending your staff and your family members by from time to time to see how we are doing and to help us form our program.

It has meant a great deal to our community, particularly to those of us assembled here today. We look forward to your continued support. [Applause.]

Senator Reid. Councilman Nunez.

STATEMENT OF GUSTAVO NUNEZ, COUNCILMAN, RENO, NV

Mr. Nunez. Mr. Chairman, honored guests, the City of Reno is pleased to be a participant in the Senate Special Committee on Aging hearing, and I appreciate the opportunity to speak on the issue of providing adequate affordable housing to Reno's low- and moderate-income senior citizens.

As in other areas of the Nation, Reno's, elderly population is growing. Unfortunately, the affordable-housing stock available to Reno's low-income seniors is not keeping pace.

The Housing Authority of the City of Reno was established in 1943 as a tax-exempt public agency for the principal purpose of planning, developing, owning, and operating public housing. The Housing Authority and the City of Reno have a history of cooperation to the purchase of land, with $468,560 in community development, block-grant funds, as well as subsidizing operating expenses with general funds, in the ultimate effort of providing adequate housing for Reno's citizens, families, as well as seniors.

The City has also cooperated with other agencies in providing adequate, affordable housing to Reno's low- and moderate-income senior citizens. The city has been able to do this with the Community Development Block Grant funds that it receives to complement other Federal resources; $22,460 was provided to the Volunteers of America for a 148-unit section-202 housing project; and $238,012 has been allocated to Community Services Agency of Washoe County for 38 units of section 202 housing.

I think, Senator Reid, you were there for the ground-breaking ceremony for the 38-unit section 202 housing, if my memory is right.

In the City of Reno's policy-plan element of the master plan, the following policies were adopted:

The city should support the provision of affordable housing throughout Reno.

The city should become involved in the creation of and participate with public-private development agencies in terms of furthering the provision of affordable housing throughout the metropolitan region.

The city should support and become involved with the establishment of demonstration projects aimed at showing how affordable housing can be developed.

The city should support the development of affordable housing by waiving certain fees, allocating land and other resources, and relaxing certain development regulations which add to the cost of providing affordable housing.

The Reno City Council's adoption of the above policies support the City's willingness to increase the affordable-housing stock for Reno's low- and moderate-income residents.

The annual Housing Assistance Plan goal is for 19 percent of the HUD resources to go to housing for the elderly. The City continues to be receptive to bringing affordable housing for the elderly and providing for its residents.

The city and other interested citizens of the community have considered options other than using Federal funds to increase the affordable-housing stock. The San Francisco Bay Area has a private, not-for-profit organization—Bridge Housing—that has been successful in securing foundation grants and other private financial resources to develop affordable housing throughout the Bay Area.

The units developed by this group, rent for approximately 40 percent under market rent, and are geared toward the $12,000 to $25,000-per-year income household.

Federal assistance is still required to develop housing for those households with incomes under $12,000, which is the income level of the large majority of our senior population.

Estimates indicate that over 50 percent of those seniors in need of affordable housing are on the Reno Housing Authority's waiting list. If a low-income senior is not able to find affordable housing, a large portion of their meager income goes to shelter, leaving very few dollars available for other life necessities: food, medical assistance, and clothing.

Homelessness is a problem in Reno. We literally have these many people being turned away on a daily basis:

St. Vincent's Shelter averages 30 per month that are being turned away, and it is already housing 60 in a space designed for 45.

Martin Luther King Hall averages 25 singles, two families and three elderly per month that are being turned away.

Federal efforts, through provision of financial assistance, are underway to assist in alleviating this problem. However, the recent reduction in Federal housing assistance nationally appears to be one of the largest single contributors to the recent surge in homelessness, particularly among families and the elderly. Renewed Federal commitment is needed to provide safe, decent, sanitary, and affordable housing on a permanent basis, if the quality of life in this Nation is to be preserved.

I personally advocate that commitment, because I have benefited from it. My family and I immigrated to the United States in the mid-1960's, as refugees from Cuba. Thanks to this community's and this Nation's help, I have been able to join the mainstream of society and become a productive citizen.

So, I am here today because of this Nation's commitment to those of us, young or old, natives or immigrants, who need a new start. I want to see that commitment preserved.

The city of Reno depends on Federal assistance to provide adequate affordable housing for the low- and moderate-income seniors. With limited financial resources available to the City, due in part to state regulations, the city depends on continued Federal support.

I hope you will take our strong message to Washington. Please let them know that their renewed commitment to housing and community development and to the reform programs that can stimulate the economic growth and stability of those who need it most is vital to all of our citizens.

Thank you very much. [Applause.]

Senator REID. Mr. Hester.

STATEMENT OF JOHN B. HESTER, ASSISTANT DIRECTOR, WASHOE COUNTY DEPARTMENT OF COMPREHENSIVE PLANNING, RENO, NV

Mr. HESTER. Thank you, sir. It is a pleasure to represent Washoe County and the Department of Comprehensive Planning on this most important issue.

Washoe County, like many other areas in the country, is experiencing a significant level of population growth in the 65-and-older age group. At the same time, housing opportunities are becoming more limited. The population of Washoe County is projected to grow from 208,000 to 353,000 by the year 2002. This represents an average annual growth rate of about 2.67 percent. According to the figures in the table I have provided to you, that's a growth of over 50,000 in the 65-and-over age group in Washoe County. This represents about 2,650 new seniors in Washoe County every year.

Turning to our housing, 1970, there were approximately 41,000 households and 45,000 dwelling units in Washoe County. By 1980, these figures increased to 77,000 households and 87,000 dwelling units. There will be a need to house approximately 141,000 households in 155,000 dwelling units by the year 2002. This represents an increase of approximately 68,000 dwelling units, or 3,400 dwelling units per year.

Some of the issues in providing that housing are the inability of people to pay exceedingly high interest rates, which tend to drive monthly payments far beyond the capacity of most families' pocketbooks, which has crippled both new-housing construction and the resale of older units. It is likely that interest rates will never decrease to past lower levels, so alternatives to traditional mortgage instruments must be identified and utilized.

In the ownership area, there has always been a strong desire on the part of many residents to own their own home. However, due to increased costs, various new ownership mechanisms have become more prevalent. Condominiums and cooperative-ownership mechanisms have been utilized to provide more people an opportunity to share in the benefits of ownership. These ownership alternatives must be made available to help meet housing needs over the next 20 years.

Inflated costs and high interest rates are increasing prices to a level which makes ownership out of reach for a growing number of families. In 1980, the average price for a home in Washoe County was $94,600, and the average price for a condominium was $85,000.

More than 46 percent of Washoe County's owner-occupied housing was valued over $80,000, and less than 10 percent was valued under $50,000 in 1980.

Similar, although less severe, cost escalation has occurred in rental housing. It is anticipated that the problem of affordability will continue in Washoe County, with continued growth and development we anticipate.

Many policies adopted as part of the housing element of the Comprehensive Regional Plan are relevant also at the national level.

Financing policies we have adopted are:

Number one, encourage local lending and financial institutions and investors to make capital available to housing development.

Number two, to increase the opportunities for home ownership through innovative financial and legal processes.

Number three, to support the creation of nonprofit corporations to take advantage of Federal or State below-market-project funding.

Number four, to develop financial programs that will encourage employers to assist in housing their employees.

New ownership policies we have adopted include educating the public, the housing industry, and lenders as to the advantages and disadvantages of single-family ownership, cooperatives, condominiums, and other forms of housing ownership. I think you heard about some of those earlier.

And finally, affordable-housing policies we would like to see are: Encouraging local governments to assist in the maintenance and modernization of existing publicly owned housing.

Apply and utilize existing or future Federal- or State-sponsored housing programs, to create housing opportunities for low- and moderate-income families and the elderly.

And last, to encourage local governmental entities to make available appropriate unused land, to create below-market housing opportunities for low- and moderate-income families and the elderly.

Thank you very much for having us here today. I would be happy to answer any questions. [Applause.]

[The prepared statement of Mr. Hester follows:]

TESTIMONY OF JOHN B. HESTER, ASSISTANT DIRECTOR WASHOE COUNTY DEPARTMENT OF COMPREHENSIVE PLANNING

REPRESENTING THE BOARD OF COUNTY COMMISSIONERS
OF WASHOE COUNTY, NEVADA

BEFORE THE SENATE SPECIAL COMITTEE ON AGING
AUGUST 17, 1987

**WASHOE COUNTY
DEPARTMENT OF
COMPREHENSIVE
PLANNING**

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BIOGRAPHICAL INFORMATION

John B. Hester, AICP

Mr. Hester is currently assistant director, Washoe County Department of Comprehensive Planning, where he is responsible for the long range planning division. The programs included in the long range planning division are regional planning, area planning, and information services. Mr. Hester has a Master of City and Regional Planning degree from the University of Texas at Arlington and is a member of the American Institute of Certified Planners. Prior to coming to Washoe County in 1981, he worked as a planner in the Dallas/Fort Worth and Cincinnati areas.

INTRODUCTION

Washoe County, like many other areas in this country, is experiencing a significant level of population growth in the 65 and older age group. At the same time, housing opportunities are becoming more limited. The following discussion, taken from the adopted Washoe County Comprehensive Regional Plan, provides a more detailed presentation of these issues and some possible solutions.

POPULATION GROWTH IN WASHOE COUNTY

Population is projected to grow from 208,300 in 1987 to 353,600 by 2002. This represents an average annual growth rate of 2.67 percent. The composition of the population growth is based on the natural increase (births minus deaths) and net migration that is expected to occur. The growth that can be attributed to natural increase will result in a general aging of the population. In other words, the average age is expected to increase. Table 1 shows 1982 and 2002 population and percent of total population for generalized preschool, school age, working age, and retired population groups.

Table 1

POPULATION AND PERCENT COMPOSITION OF TOTAL POPULATION
BY GENERALIZED AGE GROUPS, 1982 AND 2002

	1982		2002	
Generalized Age Group	Population 000's	Percent of Total	Population 000's	Percent of Total
Preschool (Ages 0-4)	13.8	6.6	19.9	5.6
School (Ages 5-19)	41.9	20.1	61.0	17.3
Working (Ages 20-64)	131.5	63.1	198.2	56.2
Retired (65 and older)	20.9	10.0	73.5	20.8
Totals	208.3	100.0	352.6	100.0

Note: Totals may not equal the sum of the components due to rounding.

Source: Washoe County Department of Comprehensive Planning.

HOUSING IN WASHOE COUNTY

In 1970 there were 41,000 households and 44,500 dwelling units in Washoe County. By 1980 these figures increased to 77,000 households and 87,000 dwelling units. Based on the 1980 average household size (2.5 persons per household) and the forecast population growth for the region, there will be a need to house approximately 141,000 households in 155,000 dwelling units by the year 2002. This represents an increase of approximately 68,000 dwelling units, or about 3,400 dwelling units per year. To meet this demand for new housing, the issues of financing, ownership, and affordability must be addressed.

Financing

The inability of people to pay exceedingly high interest rates (i.e., 13-17 percent), which tend to drive monthly payments far beyond the capacity of most families' pocketbooks, has crippled both new housing construction and the resale of older units. The June 1983 Wharton Long-Term Forecast indicates that the mortgage rate for newly built homes is not expected to decline below 10 percent before 1989. It is likely that interest rates will never decrease to past lower levels (i.e., 5-7 percent), so alternatives to traditional mortgage instruments must be identified and utilized.

Ownership

There has always been a strong desire on the part of many residents to own their own home. However, due to life style changes and increased costs, various new ownership mechanisms have become more prevalent, both nationally and locally. In addition to traditional ownership of a single structure on an individual parcel, condominium and cooperative ownership mechanisms have been utilized to provide more people an opportunity to share in the benefits of ownership. These ownership alternatives must be made available to help meet housing needs over the next 20 years.

Affordability

Although the prevailing desire of most families in Washoe County is to own their own home, inflated costs and higher interest rates are increasing prices to a level which makes ownership out of reach for a growing number of families. In 1980 the average price for a home (not including condominiums) was $94,600 and the average price asked for a condominium was $85,000. As shown in Table 2, more than 46 percent of Washoe County's owner-occupied (non-condominium) housing was valued over $80,000, and less than 10 percent was valued under $50,000 in 1980.

Table 2

OWNER-OCCUPIED NON-CONDOMINIUM UNITS BY VALUE IN WASHOE COUNTY, 1980

Value	Units	Percent	Cumulative Percent
Less than $25,000	656	2.1	2.1
$25,000-29,999	234	0.8	2.9
30,000-34,999	312	1.0	3.9
35,000-39,999	352	1.2	5.1
40,000-49,999	1,299	4.2	9.3
50,000-79,999	13,476	44.2	53.5
80,000-99,999	6,038	19.8	73.3
100,000-149,999	4,979	16.3	89.6
150,000-199,999	1,585	5.2	94.8
200,000 or more	1,585	5.2	100.0
Totals	30,454	100.0	-

Source: U. S. Census of Population, 1980

Similar, although less severe, cost escalation has occurred in rental housing. In 1980 the median contract rent was $294, and the average rent asked for vacant units was $321. As shown in Table 3, about 30 percent of Washoe County's rental housing was available for under $250 in 1980.

It is anticipated that the problem of affordability will continue in Washoe County with continued growth and development. This problem must be addressed to ensure continued housing opportunities for the people who live and work here.

Table 3

RENTER-OCCUPIED HOUSING UNITS BY MONTHLY CONTRACT RENT IN WASHOE COUNTY, 1980

Monthly Rent	Units	Percent	Cumulative Percent
Less than $150	2,348	7.2	7.2
$150-199	2,858	8.7	15.9
200-249	4,775	14.6	30.5
250-299	7,183	22.0	52.5
300-399	9,898	30.2	82.7
400-499	3,875	11.8	94.5
500 or more	1,799	5.5	100.0
Totals	32,736	100.0	-

Source: U. S. Census of Population, 1980

POSSIBLE SOLUTIONS TO THE PROBLEM OF AFFORDABLE HOUSING FOR ELDERLY PERSONS IN WASHOE COUNTY

Many policies adopted as part of the Housing Element of the Comprehensive Regional Plan are relevant at the national, state and local level. Those that this committee should give consideration to are listed below.

Financing Policies

1. Encourage local lending and financial institutions and investors to make capital available to housing investment.
2. Increase the opportunities for home ownership through innovative financial and legal processes.
3. Support the creation of nonprofit corporations to take advantage of federal or state below-market project funding.
4. Develop financial programs that will encourage employers to assist in housing their employees.

Ownership Policies

1. Educate the public, the housing industry, and lenders as to the advantages and disadvantages of single family ownership, cooperatives, condominiums, and other forms of housing ownership.

Affordable Housing Policies

1. Encourage local governments to assist in the maintenance and modernization of existing publicly-owned housing.
2. Apply and utilize existing or future federal or state-sponsored housing programs to create housing opportunities for low- and moderate-income families and the elderly.
3. Encourage local governmental entities to make available appropriate unused land to create below-market housing opportunities for low- and moderate-income families and the elderly.

Senator Reid. Councilman Nunez, the statement that you gave was very, very good. I think that the part that particularly impressed me, which kind of sums up what we are doing here today, is the statement: the recent reduction in Federal housing assistance nationally appears to be one of the largest single contributors to the recent surge in homelessness, particularly among families and the elderly.

I think that is really the way it is, and I appreciate your testimony in that regard.

Mr. McGraw, with respect to this OMB proposal to change the census-gathering information, why are we concerned about that? What difference does it make?

Mr. McGraw. Well, Senator, there would be no way for us to establish the true needs in the community, and, therefore, very difficult for us to make an argument to you and your fellow Senators and Congressmen that there are some severe needs out here in the local communities.

Senator Reid. Don't you think that is one reason it is being suggested—so that information is not available?

Mr. McGraw. Well, I feared that, yes.

Senator Reid. How would—and I would accept an answer from any or all of you on the panel—how would you describe the elderly homeless population in Washoe County?

Mr. Nunez. From my—Senator, from what I see out on the streets—and this does not come from statistics from any one of the service agencies that provide shelter—it is certainly growing. And being in the—as I call it, the front lines, being an elected official at the local level we are the first ones, normally, to be hearing from the community in as far as the homelessness and the problems associated with it.

From my—from what I have seen, it seems to me like the majority of those that I see around town are seniors.

Senator Reid. Would anyone on the panel disagree with that?

Mr. McGraw. No. I would add a comment, though Senator. I think in a number of circles around the country, people think that the homeless are made up of those who were—who left the institutions with the deinstitutionalization of the mentally handicapped.

That is no longer the case. I believe that we're seeing more and more families, most recently, and more and more elderly who are not mentally ill, who are on the streets.

I think that is the biggest single increase in the population among the homeless in the last 5 years.

Senator Reid. A number of years ago when I was practicing law, I purchased a piece of property to build an office building for my law office. The people from whom I bought that land said, "You don't have to be in a hurry to build because you can collect rents from this property."

Well, I went and looked at this place, and it was just an awful place that I had purchased. It was really a slum tenant house. So I tore it down very quickly and built my law office.

But, many of the people there had no other place to live. As bad as it was, as big a fire trap as it was, it was better than what else was available.

For a variety of reasons, those people did not qualify for Federal assistance programs. Some of them had come to the country and hadn't worked where they contributed to Social Security. They were just kind of on their own.

Things haven't gotten any better. We have cut back on Federal programs since then. We haven't increased them.

You three individuals are on the front lines and have to deal with these people who have no place to go on a daily basis.

What do you see as the City's and/or County's role in providing housing and supportive services for the area's elderly citizens?

Mr. NUNEZ. Our role, with the type of resources that we have, as I indicated before, Senator, primarily is assistance from the Federal Government, and, or course, any type of incentives that we can provide to the private sector, from as far as local government has it within its power to provide those services, and private investors to provide for housing.

Other than that, I know the City of Reno, in the past, which is not a normal-type operation that most cities get into, we usually, after we distribute Community Development Block Grant funds, because the needs out there are so great, we have actually reached into the general fund that provided for social agencies in this community.

And I don't know whether you know what the financial situation of the City of Reno is right now, but it is quite difficult.

Senator REID. Congress was engaged in battle last year. The battle was over whether the limited amount of money that was available for housing would go to renovation of existing units in Eastern States or construction of new units in Western States.

Of course, as you know, new units are badly needed in the Western United States, and renovation is badly needed in the Eastern United States.

So, it was a real battle. The lines had been drawn. It still hasn't been settled. This conflict, coupled with the significant cutbacks in housing assistance on the Federal level, has left the cities and counties in very rough shape.

I think one thing that we have to realize—and we tend to forget—is that most everyone in this audience has a place to live.

But, there are real people who have no place to live, people that, for whatever reason, have lost a job or don't qualify for various pension benefits. And these funds that we are talking about don't amount to very much when you consider we have a trillion-dollar budget.

I appreciate your testimony. It has been very informative. And, as I said, it goes a long way toward making this record clear. I wish the problems of Washoe County and Reno and rural Nevada were problems that related only to Washoe County, Reno and rural Nevada, but the sad part about this is, it is a nationwide problem.

Thank you very much. [Applause.]

The next-to-last panel will be composed of Mr. Robert Sullivan, who is Executive Director of the Nevada Rural Housing Authority, from Carson City; the Honorable Thomas J. Grady, Mayor of Yerington, Nevada; the Honorable Larry G. Bettis, District Attorney of Mineral County, Hawthorne, Nevada.

I wish to express my appreciation to those in the audience for their patience in listening to this testimony. I appreciate the patience of those witnesses who have had to sit through this testimony, waiting their turn to speak.

Mr. Sullivan, you are first on the list. I would appreciate it if you would go forward with your testimony.

STATEMENT OF ROBERT SULLIVAN, EXECUTIVE DIRECTOR, NEVADA RURAL HOUSING AUTHORITY, CARSON CITY, NV

Mr. SULLIVAN. Thank you, Senator Reid. The group before you are people who are active in rural Nevada. I want to make you aware that the group is not the type that usually goes to the Federal trough.

Larry Bettis, the District Attorney of Mineral County, takes a leadership role in building duplex units with local high school labor.

Tom Grady is the Yerington City Mayor, who has done several things relative to promoting senior citizens.

Now, with Nevada Rural, we are also involved in self-help. But, natually, the Federal Government represents an arena wherein we hope that we can mitigate some of our area's difficulties.

We are, in essence, the middle layer (between Federal funds and low-income clients). You have heard from senior citizens of Washoe County. Our seniors will tell you the same thing, if we brought them here. What we would like to do is speak to you about what appears to be needed to better serve our area.

I will just paraphrase from the comments, which you have seen and your staff has seen.

Senator REID. Your testimony will be made part of the record in its entirety.

Mr. SULLIVAN. We are a Public Housing Authority, serving 15 counties, 98,500 square miles. We take care of about 850 families. Sixty percent of our clientele are senior citizens, so we have a little experience from which we speak.

Unfortunately, though, the garden-variety-type date that you have been hearing from—from urbanized areas is generally unavailable in rural Nevada, and it makes it very difficult for us to come forth with strong statements. However, as an example, we certainly cannot determine what percent of low-income Nevadans live in, or, for instance, have their own homes.

We don't know exactly how many of those are really low-income and what their status is.

We have median data, but not the extreme. In other words, the average of 4 and 6 is 5; the average of 1 and 10 is five.

That gets back to census data, and we repeat the comments you heard earlier on the census. That census data is very important to us.

What we do know relative to rural Nevada is that we only keep a 1-year waiting list. If I kept a 5-year waiting list, we could have 1,500, 2,000 senior citizens on our waiting list, quite easily.

The reason we don't keep them is simply because it costs money to maintain waiting lists. There is updating, purging, et cetera.

We do know that in rural Nevada our low-income seniors are those people who, with their blood, sweat, and muscle, built rural Nevada, just that they didn't profit from it. We do not have wealthy people moving into the Battle Mountains and Austins, Calientes, et cetera. Perhaps one exceptions would be Pahrump. Unlike the younger adults, these seniors do not wish to relocate out of the "sticks" into the metropolitan areas. All they ask is the ability to reside with their friends in towns in which they have roots and familiarity.

That is where we are coming from in the Housing Authority—to try to provide those services. But those services and housing must be considered in conjunction with other services—essentially, medical assistance, homemaker services, general shopping, senior citizens' centers. So, in housing, it is just not a single issue. There has to be an integrated approach.

Of course, we also know in Nevada Rural Housing that the population of Nevada is getting older, and seemingly at a rate far greater than the national rate of rates found in Nevada's two metropolitan areas.

So we have some visceral ideas of what is happening, but there are some road blocks there, in terms of our being able to deliver services.

First is, naturally, being rural. Being rural, you don't have the punch or clout that is often necessary to compete against urbanized peers. In the past, there has been some categorized grants, wherein the Federal level creates rural categories. That may be of some help, or maybe some sort of bonus situation.

Complexing the above is that we have had no national housing policy for several years, which, you know, you are very well aware of and are working on. As a result of that, some chaotic problems, chaotic programs, chaotic deliveries materialize.

Farmers Home Administration has spoken to their situation. You have generally saw the dwindling of resources. But being fast on their feet at our State level, we have gone out and gotten more money with Farmers Home than was allocated to the State. That is a plus.

HUD has attempted to help, but essentially our ability to access HUD's funds relative to our rural areas and the difficulty to work with nonprofits has presented essentially nil.

And, as HUD has testified, elderly housing nowadays must be housed within the nonprofit.

It works well in metro areas—I believe they said there are eight or nine units have been done; in rural areas, it is difficult.

We also have some concerns on the administration fees. Administration fees fuel housing authorities. They also allow us to custom-tailor our operations to give that extra assistance that is necessary.

It costs a little bit more to run a rural program. There is more consultation, more briefing, more hand-holding.

With cutbacks in Federal administration fees, our ability to respond and help out is also reduced.

Likewise, housing authorities in your rural area of Nevada—which is my area—the rural areas of this State, naturally cost more to administer relative to urban areas. If I were in an urban situation, I could be across town in a few minutes, solve the problem and be back. When I have a problem in Ely, Caliente, or Wells, I have got a problem, and in this way it costs us more per client to administer these programs. If there is some way you can see free to help us in this situation, it would certainly be appreciated.

I have spoken to you about the census information. I just can't underscore that it's a recent issue, but one that I find quite frightening. That is the sole basis that we have in terms of demonstrating our needs. Not only was a census done, which was published, but there is quite a ream of information available, a wealth of information available in unpublished census data. We are able to go back to 1980 data for rural Nevada and at least project forward. It provides some sort of hardness to our requests for funding. This is vitally important to us.

So, as we see it, areas needing congressional assistance are administrative fee-parity and restoration; some sort of competitive Federal-grant parity, if it is possible, for rural areas; formation of a national set of housing policies to give stability and funding to Farm Home and HUD low-income elderly housing programs and, of course, greater access of public housing authorities to those funds; and lastly, again, continuation of the 1980 census.

Again, I appreciate meeting with your staff. I found them to be quite helpful, quite interested. They certainly kept me on my toes. And I hope I am not speaking too rapidly.

Senator REID. You did an excellent job. [Applause.]

[The prepared statement of Mr. Sullivan follows:]

RICHARD H. BRYAN
Governor

CARL R. DAHLEN
Chairman

WARNER WHIPPLE
Vice Chairman

Members
KAREN WILSON
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ROBERT T. SULLIVAN
Secretary and
Executive Director

TESTIMONY OF

ROBERT T. SULLIVAN, EXECUTIVE DIRECTOR
NEVADA RURAL HOUSING AUTHORITY

BEFORE THE

U.S. SENATE SPECIAL COMMITTEE ON AGING

AUGUST 17, 1987

Mr. Chairman and Committee Members:

I am Robert Sullivan, Executive Director of the Nevada Rural Housing Authority. I am testifying on the behalf of this agency.

Nevada Rural Housing Authority is a public housing authority serving the fifteen rural Nevada Counties. We have been in business since 1973. In the national context, in terms of number of subsidies, we are a medium sized housing authority. By western context, we are a small housing authority, although we are on the upper end of that scale. However, by sheer area of our jurisdiction, we are one of the nation's largest housing authorities, if not the largest, at 98,500 square miles. Our service population is 176,000.

Currently we carry 170 rent subsidized families in Authority-owned and/or managed housing, and 613 rent subsidized families in private sector owned housing. We are about to construct 16 more units of the former, and to receive an allocation to carry 50 more units of the latter. Thus by the end of this fall we will carry 849 families.

Of this total of 849, 60% are senior citizen families. Hence we feel our experience may offer some insights as to bottlenecks in providing non-metropolitan elderly housing.

In your capacity of federal legislators, you hear from us less than we hear from you. Nevada Rural has not been too active at the national and congressional levels, although we actively carry responsibilities at the western states and subregional levels.

LIMITATIONS ON DEVELOPING NEEDS ASSESSMENTS

Rural proponents are at a disadvantage in presenting hard data, data that is almost considered of the everyday garden variety in metropolitan areas.

For example, there are approximately 50 privately owned low income subsidized rent complexes within our jurisdiction. Since the numbers of elderly families residing in those complexes has not been researched, Nevada Rural cannot offer to the committee an estimate on the numbers of elderly currently enjoying subsidized housing in rural Nevada.

And, we know the numbers of elderly in rural Nevada Counties. Through census information we can estimate the percentage that is of low income. However, to estimate that fraction of low income elderly in need of acceptable housing is a task that is currently beyond us.

WHAT WE DO KNOW

We do know that our waiting lists for low income elderly are generally closed. We maintain only one year lists and do no advertising. Experience indicates that should we open up to a five year waiting list, and aggressively advertise, we could easily see 1500 to 2000 elderly families signing up. The actual need, of course, would be greater as waiting lists discourage prospective applicants.

We do know from experience that Nevada's low income seniors are not imports from other States. (The "imports" are wealthier.) Rather, rural Nevada's low income senior population represents the blood, sweat, muscle and tears that built rural Nevada. These folks represent the laborers, not the merchants nor investors. Unlike many younger adults, these seniors do not wish to relocate out-of-the-sticks to an urban environment. All these seniors ask is the ability to reside with their friends in the towns in which they have roots and familiarity.

We do know that these towns and communities, in turn, are caring in nature. Despite severe limitations these communities do their best to look after their own. Service groups and business people make that extra effort to help. They also assist Rural Housing, who in turn is helping their citizens.

We do know that the Rural Nevada population is getting older, and seemingly at a rate far greater than the national rate or rates found in Nevada's two metro areas.

And, we do know that elderly housing is an issue that must be considered in conjunction with other services, especially access to medical assistance, homemaker services, general shopping, and senior citizen centers.

ROAD BLOCKS TO PROMOTION OF ELDERLY HOUSING

Being a rural housing authority, it's a fact of life that Nevada Rural does not carry the "punch" or "clout" that our more urbanized peers carry. In terms of competing for HUD housing funding, we are at a disadvantage. We would like to see some relief in this regard.

Further complexing the above, is that there has been no national housing policy as such. Nevada Rural seeks low income programs from both Farmers Home Administration and HUD. Farm Home's Nevada elderly construction allocation in the last two years has been almost non-existent. Lately HUD's construction program for elderly has been effectively nil. We have had some success getting HUD Section 8 Certificate and Voucher program subsidies, but not as many as requested.

As a public housing authority, Nevada Rural's federally derived administration fees are developed on the same formula basis as our more urban peers. In fact, because of our prevailing low rents, our income from these fees is less than that of, say, North Las Vegas Housing Authority. However, because of the sheer expanse of any rural jurisdiction, especially ours, administration expenses are higher due to the distribution of small client pools not close in to the Authority office. Those administrative fees are the main source of housing authority funding. Congressional consideration should be given to this problem.

Also, for years these fees proved adequate at 8.5% (of 2 bedroom federally determined fair market rents). About two years ago HUD lowered these fees -- Nevada Rural's are now 7.65% and 6.5%. Many congressmen are apparently convinced that these fees need to be restored to 8.5% Your assistance in restoring the original administration fee is greatly needed.

The so-termed private sector "opt-out" is a vital concern to low income rural Nevada renters. There are over 50 privately owned subsidized housing complexes in our service area. The current federal freeze on opt-outs must someday terminate, and residents caught in any conversions from subsidized housing to regular market must be provided for, both in theory and in practice, and with a program (such as Section 8 Vouchers) that will always be available at time of conversion.

It is our understanding that the Federal Office of Management and Budget wishes to severely curtail housing data in the upcoming 1990 Census effort. Published and unpublished 1980 U.S. Bureau of Census data has been extremely useful to our agency, particularly in the area of grantsmanship relative to scoping housing needs. We would hate to see the 1980 data base discontinued.

What is Nevada Rural Housing doing to help itself? Like many housing authorities, Nevada Rural is seeking new programs in new areas. We wish to diversify and become more independent from our traditional sources of funding -- Farm Home's 515 program and HUD's Section 8 program. We are working with a revolving fund source toward implementing a mobile home park. We are becoming involved in managing non-authority owned properties. We have begun an involvement with mental health agencies. And of course, we are modernizing our office procedures and successfully cutting administrative costs.

However, as we see it, the principle areas needing congressional assistance are those outlined above: (1) administrative fee parity and restoration; (2) competitive federal grant parity; (3) formation of a national set of housing policies to give both stability and funding to Farm Home and HUD low income elderly housing programs, and greater access of public housing authorities to those funds; and (4) continuation of the 1980 Census housing data in the 1990 Census.

Thank you for your time and interest.

Senator REID. Mr. Grady.

STATEMENT OF THOMAS J. GRADY, MAYOR, YERINGTON, NV

Mr. GRADY. Bob mentioned roadblocks, and if you would permit me, I would like to address some roadblocks that we have encountered in Yerington, to maybe enlighten you on what we have gone through to try to finance one of these projects.

In 1979, a group of Yerington civic leaders gathered to form a group known as the Senior Citizens of Lyon County, Inc. Our purpose was to build a senior citizens' complex for our city. This is a nonprofit organization, and the complex must remain nonprofit.

We were successful in working with Farmers Home Administration and HUD to complete a 30-unit complex with a recreation hall and office. This is a rental-assistant program, financed by FMHA, and funded by HUD. We are now working on another 16 units, which will be known as Yerington Manor II. Management is under the direction of the Nevada State Rural Housing Authority, Bob Sullivan, Executive Director.

The reason for giving you some background is to let this Committee know of some of the problems encountered when you attempt to finance senior citizens' housing. The bureaucracy and redtape is enough to discourage the strongest of persons. There needs to be a central clearing agency, where someone has some authority. When you complete a package, some bureaucrat finds one more item which needs to be addressed.

An example: After the package clears the local office, State office, regional office, someone decides the county commissioners must write a letter to comment if the sanitary landfill can handle the new units. Keep in mind, this is 16 units of approximately 800 square feet each.

After a month or so, someone also needs to know if we had the Type II Environmental Impact Study. This is on a planted grass area within the Yerington City limits.

Another month and wasted dollars. We were also requested and secured a study to determine if we needed the units. This, of course, must be done by some high-priced out-of-State firm, who comes in and asks us if we need the units. More wasted expenses.

How can someone in Salt Lake City, Denver, Washington, DC, or wherever, who could not find Yerington on a map, make more intelligent assessment on Yerington's needs than the people in Yerington?

With all due respect, gentlemen, we need some help with senior citizens' housing in rural America, too, but give us some credit for helping you do the job. Listen to what your constituents have to say. They know what is happening at home; what will work in Washington, DC, may not work in Yerington, NV.

The rurals have a good working relationship with their local FmHA offices, but give them the authority to do their jobs, rather than be the pass-through to the State office in Salt Lake to pass on to Washington. Our project has worked, and is successful because we made it work, with the assistance of the Nevada State Rural Housing Authority and the Fallon FmHA office.

Thank you, Senator.

Senator REID. Thank you, very much. [Applause.]

Mr. District Attorney, would you testify, please?

STATEMENT OF LARRY G. BETTIS, DISTRICT ATTORNEY, MINERAL COUNTY, HAWTHORNE, NV

Mr. BETTIS. Thank you, Senator. It gives me a great deal of pleasure to address this Committee, and I would like to echo the sentiments of the Honorable Thomas Grady concerning the application process for assistance through the Farmers Home Administration program.

The Hawthorne Housing Authority went through a very similar process just recently. They encountered very many difficulties, as expressed.

I'm addressing the Committee as chairman of the Mineral County Housing Authority. This Authority serves a population area of approximately 5,000 people in west-central rural Nevada. Currently the Housing Authority has 32 units, with an estimated 38 maximum-unit size.

Twenty-four units have been constructed through a joint effort of the Mineral County School District, Mineral County, and the Housing Authority. The building classes of the Mineral County High School builds the housing units for the Housing Authority, on property dedicated by Mineral County. Recently, eight separate units were completed on the same dedicated site, by the Housing Authority, through the Farmers Home Administration program.

Currently, occupancy is 100 percent by the elderly. Even though occupancy of these units is not limited to the elderly, the origins and purpose of the housing project was to provide decent, adequate, and affordable housing for the elderly, while at the same time providing a valuable erstwhile vocational training for the youth of the community.

During the mid-1970's, due to phasing down of governmental housing at the military installation next to Hawthorne, the major population center of Mineral County, there was a shifting of population to Hawthorne, which immediately brought an increase in rent, as the availability of rentals was reduced.

This situation caused a rippling in the rental market, which had an adverse effect on the senior citizens who were on fixed or limited incomes, relegating many to live in substandard, unsafe, and unsanitary housing; and others to pay a majority of their income in order to maintain their status quo.

This was further accentuated in the last several years, as new mining activities and further reduction in government housing has placed a greater impact on available housing.

The plight of many senior citizens in rural Nevada is to compete for a scarce commodity, to wit: Adequate and safe housing, usually at a rental rate they cannot afford.

Typically, rural populated areas of Nevada are reliant on a limited number of industries, and in some cases one industry, for its major economic support. Many times the industry in question is mining, which typically is boom or bust.

Housing starts, under this economic climate, are generally on a custom order or self-constructed basis, which does not lend itself to available new low-cost housing, and perpetuates the higher rent spiral in the event that there is a sudden increase in demand for rentals.

Only public housing and rent-subsidy programs have prevented many senior citizens in Hawthorne from living in deplorable housing conditions.

Of the 32 tenants at the Housing Authority project, 25 of them are on rent subsidy under Section 8 existing housing program of HUD, and two are on the waiting list for subsidy.

The average monthly rental in Hawthorne, NV, for comparable housing, is $325 for one-bedroom units, and $375 for two-bedroom units—plus utilities—per month; while at the same time, the mean monthly income of the tenants at the project is $300 to $350 per month.

Another benefit the Housing Authority provides is full paid utilities, while the private sector, in most instances, does not. Therefore, it is readily apparent that without the rent subsidy, these senior citizens would not be able to afford adequate housing.

In many instances, the Housing Authority has partially subsidized the tenant by requiring payment of only a portion of the fair market rental rate, until such time as the tenant can qualify under Section 8 of the HUD rent-subsidy program

Subsidization for senior citizens for extended periods may eventually jeopardize the operational cash flow of the Housing Authority, which could result in insolvency, thereby threatening the very existence of a primary source of adequate and affordable housing for moderate- and low-income senior citizens.

A new senior-citizen tenant may not receive rent subsidy for a period of 4 to 8 months, or even longer, once he has been certified to receive the subsidy under the current procedures in Nevada.

Presently, there are 3,800 positions of HUD Section 8 funding available in Nevada, which is distributed throughout the entire State, based on a priority list established by date of application. Once this has been assigned, it is transferable by the person it has been assigned to, from one qualifying housing project to another.

Cutting back or even maintaining status-quo funding levels for rent-subsidy programs will certainly perpetuate deplorable housing conditions for the low- and moderate-income elderly, particularly in rural Nevada, where there is a very limited low-cost housing market.

The private sector cannot be expected to subsidize the elderly housing, and the public housing agencies, even though not profit-oriented, cannot remain solvent if they continue to grant rent reductions to those awaiting rent subsidy.

Increasing the number of allocations would provide immediate relief from the long delay between qualification and actual receipt of rent subsidy.

Further, indirect relief could be achieved by permitting some of the available slots to be assigned directly to public and private sector housing projects. This would permit immediate occupancy of qualified senior citizens, who have not previously been receiving rent subsidy.

This method of allocation would further assure the landlord of occupancy, thereby engendering a willingness to rent to moderate- or low-income senior citizens.

Again, Senator, I wish to thank you for the interest you have shown in this area, not only for our State, but in rural Nevada. Thank you. [Applause.]

Senator REID. Mr. Bettis, one of the things that you and Mr. Sullivan were unable to cover in your testimony, and I wanted to hear a little more about, is the opting-out program. You are familiar with that are you not?

Mr. SULLIVAN. Quite fortunately, we have had a very limited experience with opting-out, but what the Senator is referring to is what you may have heard before: With changes in the Federal-investment laws, many private-sector folks have invested in subsidized housing for families of seniors, who now have the ability to opt out of that, or find the economic incentives there to opt out. There is a moratorium against that happening, as you know, and we haven't had much experience. However, right before the moratorium went in, we had 50 units down in Gardnerville, NV, that opted out, and there was no safety net.

Senator REID. And even though you are the first to have talked about this today, this is not a problem that is limited to just rural Nevada. This relates to Nevada's urban centers as well; is that not right?

Mr. SULLIVAN. Yes. it relates to HUD programs that operate in most areas, and also to Farmers Home programs.

Senator REID. And the safety net to which you refer means that even though there is an obligation to manage these units for senior housing, for example, there is no requirement as to what the rent will be, et cetera; isn't that right?

Mr. SULLIVAN. Correct. Often, again, there is a drastic change in the rent structure, and there will be a turnover of renters, and the low-income folks will have to find other means.

Senator REID. Mr. Sullivan, do you know of any ongoing program in Nevada or any future program to assess the housing needs in rural Nevada?

Mr. SULLIVAN. No. That is one of our Achilles' heels. I suppose one could say that Housing Authority has a mandate and charge to go out and develop that information.

However, when you go to 98,500 square miles, it is very difficult for us to do that. We will do it on a specific point (community) basis, but we really have to rely upon data generated from other sources, and that gets back to my comments that I made before.

Senator REID. The information and testimony you gave with respect to the census has been repeated today, many, many times. It is important that we do something to stop that.

I also think your statement, that we have no national housing policy is important. That is a serious indictment, for lack of a better word, because the lack of long-range plan for housing, particularly for seniors, could create some real chaos down the road.

Mr. SULLIVAN. You were asking me about vouchers.

Senator REID. Yes.

Mr. SULLIVAN. We have had some experience on vouchers. That is important, because vouchers are going to be a transitional program in housing. We have had 1 year to take a look at vouchers, and 7 months of operating experience.

Certainly, vouchers are better than nothing. You can't turn away a gift horse. We find vouchers are probably inappropriate for low-income senior citizens.

Senator REID. The administrative costs, I understand, associated with vouchers are significantly higher than the nonvoucher.

Mr. SULLIVAN. That is something for us to absorb. But, again, relative to the seniors—maybe you can do something about that. But relative to the seniors on a fixed income—small, fixed income—I don't believe vouchers are applicable, and I have so instructed my staff.

Senator REID. I appreciate your testimony on that issue. Interestingly enough, we haven't heard much about vouchers today from the people that come to Washington, and perhaps I should have pursued this with Mr. McGraw. On the whole, though, I have heard not one single person say anything other than what you have said: They are better than nothing.

Mayor, what you have told us here today is that you now have 30 units in Yerington, and that you are in the process of developing 16 more.

Mr. GRADY. That's correct.

Senator REID. But let's assume that you finished the 16 tomorrow afternoon. You would still be short units, would you not?

Mr. GRADY. I'm sure that we would, yes.

Senator REID. Do you have an assessment as to how many units are needed for the senior poor in Lyon County?

Mr. GRADY. No, I don't. As you know, Senator, Lyon County is a large county, with three very distinct areas, one being the Dayton area outside of Carson City, the other being the Fernley area, and the Yerington area.

So, in our area, we are attracting a number of senior citizens that are retiring into our area, and not all of them are looking for subsidized housing, by any means. But we are very definitely short with what we have right now.

Senator REID. Mayor, I am not going to put you on the spot now, but when you return, I wish you and your staff would give me some ideas, specific ideas about streamlining the bureaucratic difficulties you mentioned. You have some specific examples in your testimony. But if you would spend a little time with that, I would appreciate it.

That also applies to you, Mr. Sullivan. If you have some idea how we could streamline the bureaucratic problems that you go through, that would be of some help to the Committee.

Last, I would like to mention a couple of things to you, Larry, because you wear two hats: You are also the District Attorney of Mineral County.

Would you agree with the testimony of Lieutenant Governor Bob Miller earlier today that the elderly are more vulnerable to having crimes committed against their person or property?

Mr. BETTIS. Yes, I agree totally with his statements. And I think that the seniors living together helps prevent some of this from taking place.

Our project in Hawthorne is all located in one central area, and they have kind of a neighborhood-watch right within that community. And it does help prevent certain types of crimes being perpetrated against the seniors.

Senator REID. One thing I would like to mention is that Larry's 14-year-old son, Aaron, has been sitting through this entire hearing, and I think any 14-year-old that sits through all of this deserves a round of applause. [Applause.]

Thank you very much, gentlemen, for your testimony.

The last panel of witnesses today will be Mr. Robert Neilson, who is the Immediate Past President of the Builders Association of Northern Nevada, from Reno; and Mr. Robert Jones, the Executive Director of the Builders Association of Northern Nevada, from Reno.

Gentlemen, would you come forward for your testimony, please?

Gentlemen, I appreciate your patience very much. I have seen you in the audience and recognize that you have a lot of things to do, but for the Committee hearing, this testimony from the private sector is very important. So I appreciate that.

Bob Neilson, would you give us the benefit of your testimony, please?

Mr. NEILSON. Mr. Chairman and members of the Committee, I would like to thank you for the opportunity to speak to you today on some issues of great concern. My name is Bob Neilson. I am testifying today on behalf of myself, as well as the Builders Association of Northern Nevada.

Mr. Chairman, we are concerned about the evergrowing problem of shortages of low-income elderly housing. I am sure you don't need to be reminded of the numbers outlining the need for additional housing. The need is clear. The problem becomes even more serious when you realize the number of low-income housing units that will be cycling out of stock very soon. Thomas Demery, Assistant Secretary for Housing—FHA Commissioner, quantified the problem in his testimony before the Subcommittee on Housing and Community Development on March 26, 1987, when he indicated that from a total inventory of 5,420 projects, representing 604,460 units, 3,243, or 363,554 units are legally eligible to prepay their mortgages and remove their units from the stock of low-income housing.

It is important to note that these units are not necessarily elderly projects, but that the elderly are eligible for occupancy in the units.

When this information is combined with the knowledge that HUD expects to fund only 12,000 new 202 section 8 elderly units, and a much smaller number of moderate rehabilitation units, you can readily see we are moving quickly to a crisis situation.

What is even more distressing to me is the fact that developers and nonprofit sponsors are not competing for these units anywhere near as keenly as in past years. Housing Affairs Letter speaks of this problem in their July 22 edition. I quote: "If you submitted an application this year, your odds are about 2.5 to 1 that your application will be selected for a section 202 elderly/handicapped housing loan."

That's considerably better than recent years, when HUD received applications for four to five times the units it could fund. While HUD tries to pinpoint the causes for the sharp decline in interest, preliminary evidence indicates the sponsors are wary about the Department's cost-containment policies and the inadequacy of subsidized rent limits.

Even more disturbing, as the reality of the 1986 Tax Act becomes more and more evident, is that the incentives for developing and owning low-income housing projects has disappeared. There are elderly housing projects being built, but you can be sure that, other than HUD 202 projects, none are meant for the low-income elderly.

Having spent a year studying the low- to moderate-income housing problem on a special committee for the city of Reno, and as a member of the drafting committee for the NAHB publication, "Low and Moderate Income Housing: Progress, Problems and Perspectives," I have seen a myriad of solutions proposed.

Clearly, prior to the passage of the 1986 Tax Act, public-private partnerships similar to the Bridge Corporation in the San Francisco area, were a partial answer to the problem. But with the implementation of that act, the future viability of such programs must be questioned.

None of the possible solutions outlined by the Reno Committee or the NAHB publication dealt with the truly low-income, deeply subsidized tenant. It was determined early on, by the Reno Committee, that we just couldn't deal with deep subsidies.

Mr. Chairman, we can converse all we want about the private sector, municipalities, States or public-private partnerships' attempts to deal with the problem, but the reality is that none of them have the resources to adequately fund a deep-subsidy, low-income housing program.

We hear from the administration that vouchers were the best way to help low-income tenants. But after 6 years, vouchers are not getting housing built for the elderly or anyone else. In addition, national studies and local analysis shows that vouchers are approximately $100 more expensive per month, per tenant, than the existing section 8 programs.

Senator, we support Senator Cranston's call for recommendations and testimony on new and innovative ways for the Federal Government to support low-income families in their search for decent, safe housing.

I would urge your Committee to encourage trade associations, such as the National Association of Home Builders, and all other organizations that deal with this problem on a day-to-day basis to begin the study and drafting of the Federal housing program, funded through direct subsidies and/or tax incentives, for low-income families and the elderly.

I believe we can learn from our past and design a program that will impact the Federal budget to as small a degree as possible, and yet still provide decent, safe housing for the low-income citizens of this country.

It behooves us to prepare now, before we find ourselves in the inevitable crisis now on the horizon.

Thank you. [Applause.]

Senator Reid. Mr. Jones.

Mr. JONES. Thank you, Senator. First, let me thank you for coming to Reno and giving us an opportunity to speak to this important issue. I didn't have prepared testimony today. I helped Robert a little bit with his. I just want to reiterate that our association, and the national, State and local stand ready to help with the implementation, as well as the design and policy that might aid in this area.

There are a couple of things from earlier discussion that I would like to mention. One, I think—and John McGraw spoke very eloquently, as did Gus, I think, on this issue earlier—but the aged demographics of our population, combine with the tax-structure changes that have recently occurred, and a suspect Social Security System—and I say suspect meaning those people who are in their forties, baby boomers, wondering whether or not that system is going to be viable when they reach the age necessary—I think all of those three elements, combined with the increasing housing costs, make it absolutely imperative that this issue be examined to the full extent. And I am talking about affordable housing as well as for the elderly, because the problem seems to be getting more and more severe, and the actions of the administration recently seemed to be either to ignore them or, in fact, to enhance the problems by virtue of tax restructuring.

Second, one of the things that I would like to mention is, I think it is important for the Federal Government—and we deal an awful lot at the local level in an attempt to create affordable housing. I think it is important the Federal Government, in getting their block-grant subsidies to the local levels, tie together some requirement that they participate in some sort of examination of their own ordinances with respect to the costs of housing, because our experience has very often been that, although local government has the better intentions when trying to implement programs, very often their budgetary needs get in the way of those implementations, and, in fact, come back to those of us trying to build affordable housing in the form of impact fees and other things that actually drive up the cost of housing.

And I think it is important to realize that this is a collective effort that has to take place; that is, the Federal subsidies have got to be combined with revenues, with not only the best intentions of local government, but actual implementation of redesign of their codes and ordinances to actually make this happen. Because in the local area is where it actually comes down and actually happens, and requires a commitment on these local government officials' part in making it happen.

And just to disagree slightly with one earlier speaker, I like the gentlemen from Carson City who made the appeal for creating a mobile home park, if you would, run by Housing Authority, and letting the seniors move their mobile homes in. And I think that is a valid attempt, in light of the need for senior housing.

However, I do believe that, if you examine that in the long-term, the mobile home itself ends up being harder for the elderly to take care of; it is higher in utility areas to maintain on an ongoing basis; and, third, it doesn't increase in value. So there is no opportunity for them to build equity or anything else, which may be necessary as they buy out to take care of ongoing expenses that they may have.

So I think, short of any other form, that may be something. But I would like to see it moved into fixed structures, so we have the ability to build into it all of the amenities that the seniors probably need in their elderly years to take care of them and to make sure that they can live comfortably in them.

Senator REID. I really appreciate the testimony from the two Bobs. I think it is an appropriate way to end this hearing by hearing from the private sector. I do have a couple of questions

Bob Neilson, could you give me an idea why you think rental vouchers are more expensive?

Mr. NEILSON. That was the information provided to me, both by the local Housing Authority and by our national association. It has done just some preliminary studies at the actual implementation level, which means, if you take—if you look at what a tenant is paying and how much the Federal Government is paying in subsidies at a particular local level, and compare that with the existing Section 8 program, they are telling me that it's $100 per tenant, per month, more expensive.

Senator REID. We have heard these figures before. As representatives of the private sector, gentlemen, what do you suggest should be done about the problems associated with the prepayment of loans, the opting-out, so to speak? There is a moratorium now, but how long can that go on? Either one of you.

Mr. NEILSON. I don't believe a moratorium exists on 326's or BMR loans, the HUD. If it does—I don't think it does. Suzanne probably knows better than I do. But it is a problem of incentive. If we want to keep these units in the low-income housing stock, we have got to find some way to create an incentive for these owners to stay in the program.

Senator REID. Is that the same problem that the 1986 Tax Reform Act has; it took away the incentive for people to build?

Mr. NEILSON. That is exactly right. It took away any reason for anyone to build low-income housing units. But let me say one other thing about the 515 program; that is, the Farmers Home program.

That program specifically said, in its design, that you have the ability to opt out and to tell people now that they can't opt out, it is changing the rules in the middle of the stream.

I think if we are going to change that type of dealing with that kind of a program, we have to do it now for new units coming on stream. I think it is terribly unfair to tell someone who has built a project with the ideal of opting out at some time to now say they can't opt out.

Mr. JONES. I was going to say, Senator, the tax package affected in another interesting way, because our analysis of it suggests that the tax package not only has made it very unfeasible to build at this point, but what it is going to do is, those investors building rental apartments have got a return on their investment, roughly—and this is an estimate by our national association—almost 22 percent more than they were previous to the tax package, to be in the same financial position.

So, what this is doing is, it is stopping units from being built. In turn, there will become a shortage; and that shortage, to be eliminated, will to drive up the cost of rent, if you will, for them to be built.

Now, in the driving-up of those costs of rents, you have taken away the advantage. So now, the people who have the opportunity to opt out want to opt out, because the actual rents now are higher, and they can get a better return on their units.

So it works in a very strange fashion.

Senator REID. I understand.

Mr. NEILSON. Senator, it is all Federal dollars, whether we give someone tax incentives or we give them a subsidy. I think the most important thing is for all of us to come together to find the best way to do this with the Federal dollars, at the most inexpensive possible rate, because, clearly, you know, our prime target is still to lower the deficit and try to keep the dollars at the lowest possible level we possibly can.

Senator REID. Ladies and gentlemen, today's hearing is completed.

For me, personally, it has been very, very good. Frequently, people wonder why we hold hearings like this, but the reason, to me, is obvious. I have talked to the two Bobs on various occasions, and they have told me some of the things they have told me today.

I have also spoken to Mr. McGraw, Gail Bishop and the others. But it is not often that you can get everybody together at one time and center on one particular subject, as we did today.

This is very important. I look forward to the transcript of this hearing being completed and comparing it to the others to be completed around the country, and making specific provision for legislation, if, in fact, it is necessary.

There are a couple of things we have discussed today that will require no legislation to resolve. We simply need a letter from myself and a number of other Senators to stop the census change in gathering data. That will be done.

So today is democracy in action. I appreciate very much being here. Thank you very much. [Applause.]

HOUSING THE ELDERLY: A BROKEN PROMISE?

TUESDAY, AUGUST 18, 1987

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Las Vegas, NV.

The committee met, pursuant to notice, at 1:30 p.m., at the Senior Citizen's Center, Las Vegas, NV.

Present: Senator Harry Reid, presiding.

Also present: Rachelle DesVaux, legislative assistant, and Holly Bode, Aging Committee professional staff.

OPENING STATEMENT BY SENATOR HARRY REID, PRESIDING

Senator REID. Thank you for your patience.

Can everyone hear in the back of the room? How is it to the back of the room? Must be okay.

Thank you for your patience.

This U.S. Senate Special Committee on Aging hearing will be called to order. The Pledge of Allegiance will be led by Frances Aranbasich.

[Pledge recited.]

Senator REID. I see Governor Bryan just came into the room. With both of us here, Fran, I am reminded of when we first started practicing law. You, of course, were working in the court for many years taking good care of us, as you still do.

As I indicated earlier, I want to welcome everybody here today. This is the second day that we have had hearings in Nevada on senior housing. The hearing in Reno was interesting, to say the least; scarey, to say the most.

I think the attendance today is reflective of the importance of this issue and the seriousness with which the community believes it should be addressed. I commend you for your interest, and again thank you for your attendance.

I'm confident that the contributions of the witnesses today will prove valuable to our efforts to responsibly and successfully address the problem of the lack of adequate, affordable housing for the elderly.

In Nevada the situation is particularly serious. Over the last decade the elderly population increased 112 percent and is predicted to increase another 285 percent from 1980 to the year 2000. At the present time there are only 3,435 HUD subsidized units available throughout the entire State of Nevada. And waiting lists range from 3 months to, according to testimony we heard yesterday, as long as 10 years.

Moreover, the number of units in Nevada may actually decline over the next decade, due to the ability of owners of subsidized units to opt-out of their contracts after 20 years. Already the shortage of inexpensive and subsidized units had led to an increase in Nevada's homeless population. Recent estimates show that at least 10 percent of Reno's homeless population is over age 60. It will be interesting to see what the testimony shows today.

In response to this undesirable state of affairs, I have focused on measures intended to help provide eligible citizens obtain adequate housing. On March 31 of this year, I offered the first amendment that I ever offered on the Senate floor, and it was to the Housing and Community Development Act of 1987. My amendment sought to reduce the percentage of adjusted gross income senior citizens are required to contribute to live in low-income assisted housing to 25 percent from its current level of 30 percent.

Prior to the passage of the Housing and Community Development Amendments of 1981, all residents of low-income housing were required to contribute only 25 percent of their adjusted gross incomes to rent. The 1981 amendments raised the amount of the contribution to 30 percent. This change was proposed because of the tremendous cuts housing assistance programs had been experiencing.

Many believed that the extra revenue generated by the 5-percent increase would enable the Federal Government to better serve those most in need of low-income housing. This has not proven to be the case. In fact, the increase has not resulted in more or better low-income housing for our Nation's elderly. For example, the housing authorities in Nevada are seldom able to help those most in need because these seniors cannot afford the required 30-percent contribution. With few, if any, ways to supplement their incomes, many of our elderly end up living in the streets or in substandard housing or with relatives or friends where they are not welcome, with no access to services of any kind.

For a senior earning $300 per month, my amendment would mean an extra $15 each month that could be spent on food, telephone service, medical care, and other essential items.

I understand the tremendous Federal deficit we have on the Federal level has required Congress to exercise budgetary constraint. However, I believe even within the confines of these constraints we must set priorities.

As a member of the Aging Committee, I see the urgent need to house our elderly. In addition to providing shelter, many housing developments provide a community atmosphere, a well-balanced diet, access to basic medical care and even legal services. These advantages not only contribute to the overall quality of life for the elderly, they also work to reduce health care costs over the long run.

In addition, I've selected members of my legislative staff to conduct an exhaustive survey of Nevada's housing needs. They are here today. They have been in Nevada for a week. I'd like the opportunity to introduce Jim Good. Jim, would you stand?

Jim is with my Washington staff. He served with me in the House. He's done a tremendous job on housing issues for several years.

Also with me today is Rachelle DesVaux, who is with my Washington staff. Rachelle is a Nevadan, graduate of a local high school. She also served with me in the House. She has worked on housing issues and also the health care problems that are, of course, intertwined with these housing issues.

Also with me today is Holly Bode from the Senate Special Committee on Aging. She is a professional staff person, and she's traveled here to help us set up the hearing. This is her first trip to Nevada, and I think it's been a great experience for her to spend time in Reno and now down here in Las Vegas. Right, Holly?

Ms. **Bode**. Absolutely.

Senator **Reid**. Coupled with the valuable information that this hearing will provide, this study will give me a comprehensive picture of Nevada's housing strengths and weaknesses. This is the first step toward developing effective housing policy for our Nation's older Americans.

Other members of this Aging Committee during this congressional recess are holding hearings like this throughout the country. Hearings have been held and will be held in Alabama, Colorado, other places. So it's important that you understand one of the purposes of this hearing is not only to find out what's going on in Nevada. Mr. Mercer, the court reporter, will transcribe his shorthand stenographic notes, they will be sent to Washington, the professional staff will go over his transcript and other transcripts that will come from around the country and this will be reviewed by the staff. Holly, among others, will make recommendations to the committee as to what we should do.

As I indicated earlier in today's hearing, yesterday we had a tremendous day. We spent 3, 4 hours learning things that I wish didn't exist, but certainly it was a learning process. What we are going to do today is make sure that we try to keep some time toward the end of the hearing to give people who are not on the list of witnesses an opportunity to come forward for a minute or two to share something that they think the committee should know about. I hope we can allow that time.

At the time the hearing started we had a number of State Legislators in the audience, Senator Ray Rawson, Assemblyman Terry Tebbs and Assemblywoman Jane Wisdom. There may be others, and if, in fact, there are, we'll try to make sure you're recognized before the hearing is over.

We also want to indicate that we had some witnesses on the agenda who will not be able to be here today. Assemblyman Morse Arberry injured his back, and Assemblywoman Eileen Brookman had an illness in the family and is unable to be here.

At this time the committee will call the Honorable Richard Bryan, Governor of Nevada, to give the first statement.

Governor Bryan.

STATEMENT OF THE HON. RICHARD BRYAN, GOVERNOR OF NEVADA

Governor **Bryan**. Mr. Chairman, thank you very much for providing the opportunity to appear here today and testify. I would congratulate you and your staff for providing this opportunity to hear testimony. And I think that your suggestion is a good one, and that is that you'll want to hear from the seniors firsthand. And for that reason, if you have no objection, Mr. Chairman, I'd like to make my written testimony part of the record.

Senator REID. That will be the order, Governor.

Governor BRYAN. And just to make a couple very brief comments, as you have pointed out, Nevada's population of seniors is growing more rapidly than any other place in the country and Clark County is leading the way.

At the State level we've tried to address the questions of hospital costs in the last session of the legislature. I think we've addressed that effectively.

We have also tried to provide alternatives for long-term nursing home care, which is a critical need for seniors in Nevada.

On the question of housing, which is equally important, I would respectfully suggest, as you have observed in your preliminary comments, that we need some help at the Federal level. We are certainly prepared to work with you and your colleagues in the Senate and House, but the backlog is now several thousand applicants, waiting as you pointed out, for as long as 10 years to get housing. That simply is not acceptable. The national administration has not been responsive. Indeed, as you pointed out, they changed the rules to make it more restrictive. And I just want to commend on behalf of the agencies that are responsible to me at the State level to work very carefully with your colleagues to get the necessary changes that you seek at the Federal level so we can make the dream of affordable housing available and a reality for all of our seniors in Nevada.

And I thank you very much, Mr. Chairman, for this opportunity.

[The prepared statement of Governors Bryan follows:]

STATEMENT OF GOV. RICHARD H. BRYAN

I am pleased that the Senate Special Committee on Aging has selected Nevada as the site for two field hearings into elderly housing issues. I believe Nevada's situation highlights several significant problems regarding the availability of adequate housing for this Nation's senior population.

During the past 15 years, Nevada has experienced the largest percentage increase among all 50 States in elderly citizens. This tremendous increase in numbers of elderly persons is projected to continue unabated well into the next century. During these same 15 years, the cost of housing has escalated dramatically, placing extreme burdens on those persons living on fixed, limited incomes.

It is estimated that there are currently 108,000 elderly persons residing in Nevada, with more than 10 percent on very meager incomes. In a State where the fair market value of an efficiency apartment ranges from $340 to $477 monthly, there is, unfortunately, little choice in housing for the individual of limited means. The number of eligible seniors in Nevada served by programs providing housing subsidies is estimated as less than 20 percent.

A recent survey of the housing authorities in Nevada, of which there are five, revealed there are 3,435 units available for the elderly and a waiting list for these units of an estimated 2,200 applicants. However, in Clark County, the waiting list is closed and the estimated length of time a senior must wait for an available apartment can be as long as 2 years. In the remainder of the State, waiting lists range from months to years.

In addition to the shortage of affordable housing, there is a concern for the availability of housing appropriate to the needs of the older person. Gerontological research has shown the older person's housing needs are different than the ideas set forth when most subsidized housing programs were created. One of the major considerations for the older person is safety. Unfortunately, most subsidized housing is in low-income areas, which have correspondingly higher crime rates. Another consideration is for access to transportation, shopping and medical care. Many older persons have disabilities and are reliant on public transportation. A third concern is familiarity with the neighborhood and relationships with other people which makes life worthwhile. A fourth and very important consideration is access to assisting services which enable the older person to remain independent, such as home health services, homemaker services, congregate or homebound nutrition services.

The 75 percent of the population who are homeowners should have assistance in repairs and maintenance of their homes, rather than be searching for new housing. Governmental agencies should be designing programs which will encourage the older person to remain independent and in familiar surroundings. 25 percent of the elderly rent housing. As the housing stock decreased, it is these individuals who are often forced to find new housing. Due to their frailty and lack of resources, they may not be able to find new housing and become dependent on others for care and support. It is for these persons that the subsidized housing serves as a vital resource.

There is one area of particular interest to me which would strengthen the independence of Nevada's seniors. HUD, in the late 1970's created a demonstration project, known as the Congregate Housing Services Program. This program provides the most independent setting for the very frail elderly who are in need of support services. The demonstration projects, according to AARP, have prevented institutionalization of the frail elderly and have also deinstitutionalized elderly persons as well. These projects are in line with my administration's goals to maintain the elderly in the least restrictive setting through community based services. Unfortunately, there are no projects in Nevada.

A congregate housing services program would enable the States to expand the alternatives available to the elderly. I encourage Congress to pass the legislation that is currently before them to make congregate housing services an ongoing program.

In summary, I would also like to encourage the Federal Government, who in the past has been the leader in the development of public housing, to revitalize the housing programs and to develop ways of allowing the older Americans to maximize their resources and maintain their independence.

Thank you for your attention to my concerns. I feel confident you share my concern for Nevada's elderly.

Senator Reid. Governor Bryan, thank you very much.

Before you leave, it's important to note that some of the best testimony we received yesterday came from members of your staff. They did an outstanding job, especially on the statistical data that is absolutely necessary for a complete record in this instance. Nevada, it was established, has the fastest growing senior population in the country, and that represents a great challenge for the State and counties.

I also think it's important to note, as you and I have spoken on a number of occasions, that the problems with housing are not limited to Reno and Las Vagas; they exist statewide. We had the Mayor of Yerington come in and tell us what a tremendous problem they are having. We had rural housing groups come in and talk to us. So it's a statewide problem, not a problem that's confined to the cities.

Thank you very much for your time.

The second panel we have today is comprised of Congressman Jim Bilbray and Mayor Ron Lurie.

Mayor and Congressman, would you come forward?

STATEMENT OF CONGRESSMAN JAMES H. BILBRAY

Congressman Bilbray. Thank you, Mr. Chairman.

I would like to submit a copy of my testimony, and I would like to hit the highlights.

Both Senator Reid and I are in the trenches. We are in Washington fighting on behalf of housing for our seniors.

Back there Senator Reid and I have found that there is a real resistance to providing adequate housing for seniors.

You know, I look at the overall budget. And one of the things that concerns me in Congress is the fact we do have a tremendous deficit. That's why when two carrier task forces were proposed recently, I voted to cut one of them. Not because I'm against a good, strong military defense, because I voted for strong military budgets, but because it costs about $30 billion to create a second carrier task force.

That's why I know Senator Reid and I have voted for HR-4, which is the House Resolution for housing that increases the budget to senior citizens. Because we in Nevada are facing an acute problem.

When I sat on the Board of Regents many years ago we were building dormitories in our State for students. At that time there was not an acute problem at UNLV for housing. So in our lack of wisdom or lack of the administration's wisdom at that time, they decided to pass up 3 percent Federal money and lowest cost to build dormitories, because in 1968 and 1969 we were in a recession and there was lots of apartments available for students. Today we are going to pay a premium for that housing.

We can't wait until 1990, 1995, or the year 2000 to provide adequate housing for a senior population in Clark County that's growing at an alarming rate. Seniors are living longer. I'm not saying they are living better because I'm not sure that's the truth, because more and more seniors are falling below poverty every year.

We need to build housing to meet that demand by 1990, 1995. We can wait a few years to build a carrier or a new missile site. We can't wait for senior housing, because most of you can can't wait for us to provide those services 10, 15, or 20 years from now.

As I pointed out, Senator Reid and I have a strong record of senior support. We voted together to cut the minimum amount that's required from seniors to live in housing back from the 30 percent that was pushed through a few years ago by the administration, back to 25. We are in conference on that bill. The Senate Democrats and the House Democrats have worked well on this bill. The administration has a threatened veto. I don't think that veto will take place, but if it does I'm confident that the Democrats and good Republicans in the Senate and good Republicans in the House will work together to override that veto.

But I think it's important that your statements get in the record. I don't have the honor of sitting on the Select Committee on Aging, Harry's on the committee on the other side. But I think it's important that both our people on the House side and the people on the Senate side know how you feel. Nevada has an acute problem, I think one of the worst in the country. And it's happening all across this country.

But I know that Senator Reid supports more money for housing, I support it, and we need your voices rising up. Because as you know, we have a divided delegation. On that cut from 30 to 25 percent, I know in the House we were split. The other Congressman voted no, I voted yes, to make that cut. And I'm certain that's true on the other side in the Senate, too.

But I think it's important for you to get your voices to the rest of our congressional delegation. Because when Harry and I are sitting here it's like the old preacher talking to the people that come to church about coming to church. You know our records, you know how they have been so far. You know Harry Reid's record has been outstanding on senior issues. And I think if you'll check mine, you'll find mine has been the same way.

So what I need you to do is not only make the record here, but to contact the other Congressman and the other Senator and make sure they know that you consider senior housing and senior programs in medicine and others more important than an aircraft carrier.

Thank you.

[The prepared statement of Congressman Bilbray follows:]

TESTIMONY OF THE HONORABLE JAMES H. BILBRAY, REPRESENTATIVE OF THE STATE OF NEVADA IN CONGRESS ON THE AVAILABILITY OF HOUSING FOR SENIOR CITIZENS

BEFORE THE SENATE SELECT COMMITTEE ON AGING
TUESDAY, AUGUST 18TH, 1987

Mr. Chairman, thank you for the opportunity to present testimony here today upon an issue of vital concern to the senior citizens of Nevada: the availability of low- and moderate-income housing for senior citizens.

Certainly, Mr. Chairman, our senior citizens deserve no less than adequate, affordable housing. Yet our nation, and especially those of us in Nevada, will face increasing demands upon our commitment to providing this basic necessity as the population of America's seniors swells in both the immediate future and into the 21st century.

Essentially, only two programs exist for low- and moderate-income seniors, generally referred to as section 8 and section 202 housing. Section 202 housing was first adopted in 1959 as a program for elderly families with incomes above public housing levels but below that permitting rental of standard quality units in the private market. Later, section 202 evolved into a program for lower-income elderly and handicapped person and families. Two forms of assistance are given. Construction and permanent financing loans are given for the development of rental units, with funds borrowed by the the Department of Housing and Urban Development from the Treasury Department to the extent permitted in legislation. The interest rate for these loans has been frozen at a maximum of 9.25 percent for the past several years. Since this small reduction of interest does not permit much reduction of rents, HUD couples this assistance with a reservation of Section 8 subsidy for all units, with the amount available for this use designated in the appropriation of funding for all Section 8 housing.

Activity in senior and handicapped housing construction has dropped considerably despite a rapid rise in the number and percentage of senior citizens within the population. New developments financed with Section 202 are the only ones which can still receive commitments for Section 8 subsidies for eligible tenants. Loan funds, which reached upwards of $896 million in fiscal year 1981, have been slashed to $592.7 million for fiscal year 1987. In FY81, assistance was provided for the construction of 18,400 units; as a result of the cut in funds, this number has dropped to 12,000 units for FY87.

The 100th Congress has addressed housing issues in legislation, H.R. 4, which passed earlier this year. The Housing and Community Development Act of 1987 authorizes $621.7 million in fiscal year 1988 for loans under the Section 202 housing program, and requires federally-assisted housing project for the elderly which have mandatory meals programs to allow exemptions from participation in such programs under certain conditions. It specifies that Food Stamps must be accepted as payment for such programs and it mandates an appeals process for those tenants who seeks and are denied exemptions. H.R. 4 further authorizes $13 million for the Congregate housing Services program. While these steps are not complete, they do exceed the Administration's request by $6 billion for the bill.

The inadequacy of the federal commitment to affordable housing for the elderly will more adversely affect Nevada than any other State. Nevada has the most rapidly-growing senior population in the nation. According to a Nevada Department of Human Resources report written in 1985, the number of citizens in Nevada rose 112 percent during the period of 1970 - 1980. By 1990, the number of senior citizens in Nevada will grow to a projected 181,000 people, a growth of 98 percent over 1980 figures. By 2000, over 287,000 seniors will reside in Nevada, an increase of 61 percent over projected 1990 figures. In terms of percentages, seniors will comprise 16.3 percent of the total Nevada population of 1990; by 2000, seniors will comprise 20 percent of the population.

Moreover, these figures alone do not indicate the financial state of seniors as we approach the future. Fully 10.6 percent of seniors between 70 - 74 are at or below the poverty line. That number increases to over 14 percent for seniors 75 or older. Studies further indicate that seniors spend over a third of their income on medical care. With so much money of seniors consumed by medical costs, little money is available for housing.

What has been the federal response to this situation? Section 202 appropriations have been slashed by $247 million. Outlays for senior housing have been cut by as much as $316.4 million. The number of Section 202 completions has dropped from nearly 28,000 to under 13,000--a 46 percent decline in the number of completions. And all of this is occuring when our senior population, especially in Nevada, is booming.

The trends evident from these figures are clear. The commitment to housing assistance for the elderly, which reached a peak in the late 1970's, has given way before the current pressure to reduce spending for social programs.

Mr. Chairman, we simply must renew our commitment to the elderly of our nation and of Nevada. Congress must take the lead in rededicating the commitment to our seniors by furthering the availability of decent housing for these citizens and by ensuring that such housing remain affordable for those living on fixed incomes.

Towards that end, Mr. Chairman, you can count on my complete support in my work in the House of Represenatives. Working in conjunction for Nevada's seniors, I am confident we can make inroads to secure the basic necessities these citizens so richly deserve.

STATEMENT OF RON LURIE, MAYOR, CITY OF LAS VEGAS

Mayor LURIE. Thank you, Senator, for allowing me the time to put into the record some of my comments and feelings toward the senior housing programs here in southern Nevada.

I would like to thank you for picking the senior citizen's center to hold this hearing and hear from many of our seniors that are here today. And I'll make my comments brief so that they will have an opportunity to get their comments into the record.

The issue that this committee has chosen to explore, in my opinion, is one of extreme importance to our city. The problem of obtaining affordable and adequate housing for seniors is one that I regard as extremely critical in the City of Las Vegas. As you know, Las Vegas is one of the fastest growing metropolitan areas in the Nation. Analysts predict the population of our valley will be close to 1 million people by 2000. Our senior population is predicted to grow even more rapidly.

Seven percent of our residents were over 65 in 1980, versus 9 percent today; and 10 percent of our new residents are over 65. When we consider that 19 percent of our population today is 55 and over, we are faced with a staggered reality our senior population can only become larger.

Unfortunately, at the same time that we are experiencing explosion in our senior population, the availability of Federal funding for housing assistance for low- and moderate-income elderly has suffered drastic cuts. In 1980 Federal funding for the seniors was well over $25 billion, yet the proposed fiscal year 1988 budget request is now less than $4 billion.

Local HUD programs have been drastically affected by these cutbacks.

I've been advised by the Las Vegas Housing Authority that the elderly in Las Vegas can expect to be on a waiting list from 24 to 40 months.

I'm also concerned the FWDA HUD project begins to phase out the 202 program presently considered the backbone of the housing assistance funds for the elderly.

I'm also proud of the city's accomplishments in this area. Through our Department of Economic and Urban Development we've been able to assist senior citizens with residential rehabilitative loans approximately $250,000 using development block grant funds. We have also assisted several hundred seniors through our energy weatherization program. The City's residential rehabilitation programs at Washington Plaza, Cadillac Arms, and Mojave Meadows have benefitted a host of seniors, even though the primary consideration for participation is based on income, not age.

Las Vegas, like other Western cities, has been selected by many seniors as a retirement home.

I trust during your deliberations you'll find strong justification to strengthen the Federal commitment to available and affordable housing for our seniors. We will, of course, continue to do the very best we can to provide for the very needs of the community. But the figures speak for themselves. Frankly, we've reached a crossroads. The city needs your continued assistance to help our seniors meet their demands.

I would like to, in closing, say thank you, Senator Reid, for the opportunity to appear before you. And anything that we can do to assist you, please feel free to call us any time.

Senator REID. I have a couple questions, Mayor and Congressman.

First of all, Mayor Lurie, could you give us your impression as to why the senior population in the southern Nevada area is growing so rapidly?

Mayor LURIE. Well, I think we have the climate and we have many of the amenities that seniors feel are needed for retirement here in our community.

Last week there was announcement of the Del Webb Corp. with Sun City, that is building a new housing program here in southern Nevada, where they just purchased 1,000 acres from Summa, with a 800 acre expansion.

I think that Las Vegas is the type of place that people have come here previously to visit and that they want to make their retirement here, because we have many things to offer.

But the one thing I think we are lacking is the affordable housing and the transportation, which is another hearing we'll have to talk about.

Senator REID. Mayor, you indicated that you've been able to do some innovative things. One way you've been able to do that is with Community Development Block Grants.

You understand that there's a real battle going on in Washington now to hang on to even part of those, do you not?

Mayor LURIE. Yes.

Senator REID. Would you, therefore, comment on the Community Development Block Grant Program? Why have these grants been helpful to the city in general, and housing in particular?

Mayor LURIE. Well, community development block grant again ages along with other Federal programs that we've had. One was revenue sharing, that we were disappointed that that was discontinued.

But block grant gives agencies and organizations an opportunity to perform programs and provide benefits to people within the city that normally we wouldn't be able to provide if we didn't have the assistance from the Federal Government.

In the housing aspect we've been able to make loans to rehab apartments, to make them more affordable for seniors and other people looking for homes.

And again, those cutbacks are going to have a big affect on cities being able to provide affordable housing in the future.

Senator REID. Congressman Bilbray, you've heard the testimony of Governor Bryan, and you and Mayor Lurie made comments about the waiting lists in the housing projects all over the State.

And you know the senior population is growing tremendouly. The Federal Government's commitment to housing is not a debatable issue; it's declined significantly—at least 70 percent in the last 7 years.

How can we do a better job to affect changes and eliminate the housing shortages that we have?

I want you to, in effect, repeat what I heard you say before. As I heard it, we have to redirect priorities; is that right?

Congressman Bilbray. Senator, you know—I keep calling him Senator, we are best friends and we have to go through this charade up here.

Senator, as you well know we have a fight every day on the House floor, we have to fight in committees and on the floor to make sure priorities are redirected.

I think that's the point we have to make to all the Congressmen, whether they are Republicans or Democrats.

You know, it's not as partisan as it seems. When we had H.R. 4, the majority of Republicans support senior housing by joining an overwhelming majority of Democrats. But we have Democrats we are not happy with and a certain amount of Republicans we are not happy with. But we need to direct our priorities. Because we have a defense budget that's really, really sky-high. Senator Reid and I can both tell you there are lots of areas defense can be cut and we can have an adequate defense.

I just yesterday spent the day touring a Pershing missile site in West Germany. Let me tell you, even though I know those Pershings are necessary and even though it's part of our defense mechanism, those are expensive machines and highly vulnerable out there. And we go from item to item.

The Russian tank costs like a third of what our tank costs to produce. We have to make sure that our priorities are going the right way. I voted for billions of dollars of cuts so far in my first 7 or 8 months as a Congressman, but not in the areas that affect senior housing or medical care for seniors or for all the people of our Nation.

And we really have a problem and we have to make people understand that just because you vote for seniors, just because you vote for adequate health care, that you're not a "free-spending liberal;" it's just you care, you understand that people have the right to grow old in dignity with an adequate income, with adequate housing.

And sometimes to some of my colleagues on the House floor, and I'm sure Senator Reid has the same problem, it's hard to get them to understand that it's important that having a healthy population of this country with adequate health care. Housing is just as important as having five or six more Pershing missiles sitting outside Stuttgart, West Germany.

Thank you

Senator Reid. Mayor Lurie, I commend and applaud Del Webb for developing a new Sun City here in our part of the country. But it's going to cost over $1,000 a month for a senior to live there; isn't it?

Mayor Lurie. Well, I think that's just—I'm not sure what the actual cost is. I know the housing there is starting at about $70,000 to $150,000. That's for one segment of the senior population that can afford that type of housing.

I think the housing that we are kind of looking at today is with the housing authority and the types of housing that is for low- and moderate-income seniors.

I know that I get at least four to five calls a day from seniors who need some type of assistance and some type of housing. And when you tell them that it's going to be 18 months to 30 months before they could be considered to move into one of these projects, many of their comments are, "I'm not going to live that long."

Senator **Reid**. And the sad part is, it's true. Some people don't live that long; isn't that right?

Mayor **Lurie**. That's right. So I think we have to do more to find the money within the budget to make housing affordable and build some more of the projects that we presently have in the City of Las Vegas that I think are quality projects and the people are very proud of them.

Senator **Reid**. Thank you very much, Mayor and Congressman, for being a part of this hearing.

The next panel consists of Sam Wunderbaum, who's a member of the American Association of Retired Persons, and Mrs. Lois Benton, a member of the National Council of Senior Citizens.

I also want to indicate that we just learned that Irene Porter, who was going to give testimony on behalf of the Southern Nevada Home Builders, will be unable to attend. Ironic as it may sound, her home is under water today due to a plumbing problem.

Sam and Lois, would you begin, with Sam speaking first?

STATEMENT OF SAM WUNDERBAUM, CHAIRMAN, NEVADA STATE LEGISLATIVE COMMITTEE, AMERICAN ASSOCIATION OF RETIRED PERSONS

Mr. **Wunderbaum**. Thank you very much, Senator Reid, and welcome to Las Vegas.

My name is Sam Wunderbaum and I chair the Nevada State Legislative Committee of the American Association of Retired Persons.

Our eight member committee represents over 90,000 members before the legislative and executive branches of State government.

Senator, since you already have a copy of my testimony, and to save time, I'll just hit the highlights.

An adequate supply of available and affordable housing for moderate- to low-income Nevadans is an issue that's been on the political back burner for too long.

This field hearing brings this issue needed recognition and AARP commends you for visiting Las Vegas to hear firsthand some of the problems we are confronting.

Decent and appropriate housing is essential to sustaining the health and dignity of older Americans. Too many older Americans still cannot find or afford suitable housing.

In addition, our current national housing policy does not respond effectively to the needs of a population that grows more frail over time.

The Federal Government has a major responsibility in meeting this need, yet housing has virtually disappeared from the Federal agenda.

I am pleased to report that the 1987 session of the Nevada legislature, which adjourned in June, established an interim legislative study to look into ways to create more affordable housing for low-income persons.

AARP plans to work with the Nevada committee to insure that the housing needs of older Nevadans are articulated.

Nevada's older population has been one of the fastest growing in the Nation. Between 1980 and 1984 the number of individuals aged 65 and older increased by 33 percent. Over the decade 1980 to 1990, a 98-percent increase is predicted to 130,200 persons. And from 1990 to the year 2000 the 65-plus age group is likely to grow by another 61 percent.

A survey of five housing authorities conducted by the Nevada Aging Services Division shows that some 3,435 HUD subsidized units now exist in this State, including Section 202 housing for the elderly and handicapped.

The waiting list for these units statewide comprise 2,200 people, with expected waits ranging from 3 months to several years.

Of course, in Nevada as across the country, older persons are predominantly homeowners rather than renters. And many of these homeowners have very low incomes. There is little assistance available to older homeowners who need help with maintenance and home repairs. One program that has addressed this need, however, has been the Farmers Home Administration Section 504 Grant Program, which is exclusively targeted to the elderly.

Like other Federal housing programs, this section 504 grant program has been drastically reduced from $24 million in fiscal year 1980 to $12½ million in fiscal 1987.

More startling is even a steeper reduction in States' use of the funds, attributable in large part to Farm Home Administration's shift and emphasis from grant and loan activity to delinquency service and foreclosures.

According to the Housing Assistance Counsel, Nevada fiscal year 1986 allocation of section 504 grant money based on a formula incorporating number of elderly homeowners and substandard dwellings was only $21,000; of which the State used only $7,000. Just two grants were made while two-thirds of the allocation was returned to a pool which other States could tap.

In fiscal year 1987 the allocation was again $21,000. The entire amount has been returned.

It is hard to believe that in the State of Nevada there is not one elderly homeowner who could benefit from section 504 grant assistance. Perhaps elder Nevadans are not aware this program exists. In this case vigorous outreach should be pursued.

Federal housing policy can make an important difference in the lives of older Nevadans. AARP urges you to work for the following objective through the congressional authorization and appropriation process.

First, require that at least 12,000 new units of section 202 housing be constructed each year. Section 202 makes loans to nonprofit sponsors who construct housing with special features, such as ramps, grab-bars, lower counters and so forth. And services that would not otherwise be available to low income older and disabled persons.

The House Appropriations Committee has allocated funds for only 10,000 new units in its fiscal year 1988 spending bill, which is lower than the current fiscal year. We hope that the Senate will raise that level to a minimum of 12,000 units.

Second, permanently authorize and expand the Congregate Housing Services Program which provides elderly residents of federally assisted housing with nutritious meals and nonmedical services, thereby enabling them to avoid costly placement in nursing homes.

Both HR-4 and S-825, the housing authorization bill now being considered in conference, provide for a modest increase in the size of this program. AARP urges you to press for a spending level of at least $10 million for this program in fiscal year 1988, a level which will maintain services in the existant 61 sites and permit expansion of some 25 or more.

There's sufficient allowance in the fiscal 1988 budget resolution to accommodate this level.

Third, prevent the loss of privately owned federally subsidized low-income housing projects that would result from prepayment of mortgages and subsequent conversion of these projects to other uses. Between 7 and 10 percent of all Farm Home Administration and U.S. Housing and Urban Development projects serving the elderly will be eligible for prepayment within the next decade. Provisions in HR-4 would enable the the Federal Government to provide various incentives for the preservation of such projects as low-income housing, thereby preventing displacement of older tenants and others.

AARP urges you to call upon Senate conferees to accept the House provisions and support a moratorium on prepayment until this problem has been fully resolved.

Mr. Chairman, I have cited predictions of growth among the elderly of Nevada. As you know, this growth mirrors the pattern taking shape nationally. By 1995, 6 million additional older households will be formed. Three-fourths of this increase will be among those aged 75 and older. Many of these households will be poor and will require support service to remain living independently.

The Nation is ill-prepared to meet the needs of these future households or the millions of older families that are currently aging in place. AARP believes it's essential to re-examine our Nation's housing programs and devise a policy which responds.

AARP commends the chairman for holding these hearings and providing an opportunity to examine the situation in Nevada. We look forward to working with you both at State and national levels.

Thank you.

[The prepared statement of Mr. Wunderbaum follows:]

AARP

STATEMENT OF

THE AMERICAN ASSOCIATION OF RETIRED PERSONS

ON

AFFORDABLE HOUSING FOR THE ELDERLY

BEFORE THE

SENATE SPECIAL COMMITTEE ON AGING

PRESENTED BY

SAM WUNDERBAUM
CHAIRMAN, NEVADA SLC

LAS VEGAS, NEVADA

AUGUST 18, 1987

SENATOR MELCHER, SENATOR REID, WELCOME TO LAS VEGAS. MY NAME IS SAM WUNDERBAUM AND I CHAIR THE NEVADA STATE LEGISLATIVE COMMITTEE OF THE AMERICAN ASSOCIATION OF RETIRED PERSONS. OUR EIGHT-MEMBER COMMITTEE REPRESENTS OUR 90,000 MEMBERS BEFORE THE LEGISLATIVE AND EXECUTIVE BRANCHES OF STATE GOVERNMENT.

AN ADEQUATE SUPPLY OF AVAILABLE AND AFFORDABLE HOUSING FOR MODERATE TO LOW INCOME NEVADANS IS AN ISSUE THAT HAS BEEN ON THE POLITICAL BACKBURNER FOR TOO LONG. THIS FIELD HEARING BRINGS THIS ISSUE NEEDED RECOGNITION AND AARP COMMENDS YOU FOR VISITING LAS VEGAS TO HEAR FIRST HAND SOME OF THE PROBLEMS WE ARE CONFRONTING.

DECENT AND APPROPRIATE HOUSING IS ESSENTIAL TO SUSTAINING THE HEALTH AND DIGNITY OF OLDER AMERICANS. TOO MANY OLDER AMERICANS STILL CANNOT FIND OR AFFORD SUITABLE HOUSING. IN ADDITION, OUR CURRENT NATIONAL HOUSING POLICY DOES NOT RESPOND EFFECTIVELY TO THE NEEDS OF A POPULATION THAT GROWS MORE FRAIL OVER TIME. THE FEDERAL GOVERNMENT HAS A MAJOR RESPONSIBILITY IN MEETING THIS NEED. YET, HOUSING HAS VIRTUALLY DISAPPEARED FROM THE FEDERAL AGENDA.

IN 1974, THE NEVADA DIVISION FOR AGING SERVICES CONDUCTED, A NEEDS SURVEY WITH THE UNIVERSITY OF NEVADA, LAS VEGAS. THE RESULTS OF THE SURVEY SHOWED THAT HOUSING WAS ONE OF FOUR MAJOR CONCERNS OF OLDER NEVADANS. LIKEWISE, IN A RECENT SURVEY OF AARP MEMBERS AND VOLUNTEER LEADERS, THE LACK OF AFFORDABLE HOUSING EMERGED AS ONE OF THE MOST SERIOUS NATIONAL ISSUES AFFECTING OLDER PERSONS. YET WE HAVE NOT COME VERY FAR AT ALL IN ADDRESSING THESE PROBLEMS AT THE FEDERAL OR STATE LEVELS.

I AM PLEASED TO REPORT THAT THE 1987 SESSION OF THE NEVADA LEGISLATURE, WHICH ADJOURNED IN JUNE, ESTABLISHED AN INTERIM LEGISLATIVE STUDY TO LOOK INTO WAYS TO CREATE MORE AFFORDABLE HOUSING FOR LOW INCOME PERSONS. AARP PLANS TO WORK WITH THE NEVADA COMMITTEE TO ENSURE THAT THE HOUSING NEEDS OF OLDER NEVADANS ARE ARTICULATED.

NEVADA'S OLDER POPULATION HAS BEEN ONE OF THE FASTEST GROWING IN THE NATION:

- BETWEEN 1980 AND 1984, THE NUMBER OF INDIVIDUALS AGE 65 AND OLDER INCREASED BY 33 PERCENT;

- OVER THE DECADE 1980-90, A 98 PERCENT INCREASE IS PREDICTED, TO 130,200 PERSONS; AND,

- FROM 1990 TO THE YEAR 2000, THE 65+ AGE GROUP IS LIKELY TO GROW BY ANOTHER 61 PERCENT.

AVAILABLE DATA ON THE HOUSING NEEDS OF OLDER NEVADANS ARE SKETCHY. WHAT LITTLE KNOWLEDGE WE HAVE SUGGESTS THAT BOTH AFFORDABILITY AND SUITABILITY OF SHELTER ARE SERIOUS PROBLEMS. A SURVEY OF FIVE HOUSING AUTHORITIES CONDUCTED BY THE NEVADA AGING SERVICES DIVISION SHOWS THAT SOME 3,435 HUD-SUBSIDIZED UNITS NOW EXIST IN THIS STATE -- INCLUDING SECTION 202 HOUSING FOR THE ELDERLY AND HANDICAPPED. THE WAITING LISTS FOR THESE UNITS, STATE-WIDE, COMPRISE 2,200 PEOPLE, WITH EXPECTED WAITS RANGING FROM THREE MONTHS TO SEVEN YEARS. IN RURAL AREAS, SOME LOW AND MODERATE INCOME OLDER PERSONS LIVE IN SUBSIDIZED FARMERS HOME ADMINISTRATION HOUSING (FMHA), BUT INFORMATION ON WAITING LISTS FOR FmHA UNITS WAS NOT AVAILABLE AT THE TIME OF THIS WRITING. NEVADA HAS 12 ELDERLY FMHA SECTION 515 PROJECTS, TOTALLING 268 UNITS, AND AN UNDETERMINED NUMBER OF THOSE ARE SUBJECT TO IMMEDIATE

CONVERSION TO MODERATE RENTAL OR OTHER USE, AT THE OWNERS OPTION. THIS MEANS THAT SOME ELDERLY RESIDENTS ARE AT RISK OF DISPLACEMENT, WITH LITTLE ALTERNATIVE, AFFORDABLE HOUSING AVAILABLE.

IN LAS VEGAS, LAND COSTS AND RENTS ARE HIGH; IN RENO, THEY ARE EVEN HIGHER. THE HUD FAIR MARKET RENT FOR AN EFFICIENCY UNIT IN CLARD COUNTY IS $387; IN RENO, IT IS $477; AND IN RURAL AREAS IT IS $340. AN INFORMAL SURVEY OF OTHER SIZED UNITS IN LAS VEGAS REVEALS THAT ONE BEDROOMS TYPICALLY RENT FOR ABOUT $500, TWO BEDROOM UNITS RENT FOR BETWEEN $550 AND $650, AND THREE BEDROOM UNITS RENT FOR AROUND $750.

A NEW TREND IN LAS VEGAS, REFLECTING A TREND NATIONWIDE, IS CALLED "CLUBHOUSING" -- THE DEVELOPMENT OF CONGREGATE HOUSING WHERE SHELTER AND A RANGE OF SERVICES (INCLUDING MEALS AND HOUSEKEEPING) ARE OFFERED. CONGREGATE HOUSING WITH SERVICES WILL BECOME INCREASINGLY NECESSARY AS OLDER PERSONS "AGE IN PLACE" AND REQUIRE NON-MEDICAL SUPPORT TO MAINTAIN THEMSELVES IN THEIR OWN HOMES. UNITS IN SUCH FACILITIES ARE AVAILABLE IN LAS VEGAS AT RATES FROM $1,400 TO $1,800 A MONTH. OBVIOUSLY, UNSUBSIDIZED ACCOMMODATIONS SUCH AS THESE ARE OUT OF REACH FOR THE SUBSTANTIAL NUMBERS OF OLDER INDIVIDUALS WHOSE INCOMES ARE BELOW $10,000. EVEN ORDINARY EFFICIENCIES AND ONE BEDROOM RENTALS AT THE RATES JUST MENTIONED STRAIN THE POCKETBOOKS OF ELDERLY INDIVIDUALS ON SMALL, RELATIVELY FIXED INCOMES. OF COURSE, IN NEVADA AS ACROSS THE COUNTRY, OLDER PERSONS ARE PREDOMINANTLY HOMEOWNERS RATHER THAN RENTERS, AND MANY OF THESE HOMEOWNERS HAVE VERY LOW INCOMES. THERE IS LITTLE ASSISTANCE AVAILABLE TO OLDER HOMEOWNERS WHO NEED HELP WITH MAINTENANCE AND HOME REPAIRS.

ONE PROGRAM THAT HAS ADDRESSED THIS NEED, HOWEVER, HAS BEEN THE FMHA SECTION 504 GRANT PROGRAM, WHICH IS EXCLUSIVELY TARGETED TO THE ELDERLY.

LIKE OTHER FEDERAL HOUSING PROGRAMS, THE SECTION 504 GRANT PROGRAM HAS BEEN DRASTICALLY REDUCED, FROM $24 MILLION IN FY 1980 TO $12.5 MILLION IN FY 1987. MORE STARTLING, HOWEVER, IS THE EVEN STEEPER REDUCTION IN STATES' USE OF THE FUNDS ATTRIBUTABLE IN LARGE PART TO FMHA'S SHIFT IN EMPHASIS FROM GRANT AND LOAN ACTIVITY TO DELINQUENCY SERVICE AND FORECLOSURES.

ACCORDING TO THE HOUSING ASSISTANCE COUNCIL, NEVADA'S FY 1986 ALLOCATION OF SECTION 504 GRANT MONEY, BASED ON A FORMULA

INCORPORATING NUMBERS OF ELDERLY HOMEOWNERS AND SUBSTANDARD DWELLINGS, WAS $21,000--OF WHICH THE STATE USED ONLY $7,000. JUST TWO GRANTS WERE MADE, WHILE TWO-THIRDS OF THE ALLOCATION WAS RETURNED TO A POOL WHICH OTHER STATES COULD TAP. IN FY 1987, THE ALLOCATION WAS AGAIN $21,000, THE ENTIRE AMOUNT OF WHICH HAS BEEN RETURNED. IT IS HARD TO BELIEVE THAT IN THE STATE OF NEVADA, THERE IS NOT ONE ELDERLY HOMEOWNER WHO COULD BENEFIT FROM SECTION 504 GRANT ASSISTANCE. PERHAPS OLDER NEVADANS ARE NOT AWARE THAT THIS PROGRAM EXISTS; IN THIS CASE, VIGOROUS OUTREACH SHOULD BE PURSUED. STATES THAT AGRESSIVELY SEEK TO UTILIZE AVAILABLE SECTION 504 FUNDS ARE ABLE TO GO BEYOND THEIR OWN ALLOCATION TO USE THE POOL OF FUNDS TO WHICH NEVADA HAS JUST CONTRIBUTED: MAINE, FOR INSTANCE, USED 225 PERCENT OF ITS ALLOCATION IN FY 1986, WHILE ALABAMA USED 206 PERCENT OF ITS OWN. THE SITUATION IN THE STATE OF NEVADA SHOULD BE LOOKED INTO AND REVERSED AT ONCE.

FEDERAL HOUSING POLICY CAN MAKE AN IMPORTANT DIFFERENCE IN THE LIVES OF OLDER NEVADANS. AARP URGES YOU TO WORK FOR THE FOLLOWING OBJECTIVES THROUGH THE CONGRESSIONAL AUTHORIZATION AND APPROPRIATIONS PROCESSES:

(1) REQUIRE THAT AT LEAST 12,000 NEW UNITS OF SECTION 202 HOUSING BE CONSTRUCTED EACH YEAR. SECTION 202 MAKES LOANS TO NON-PROFIT SPONSORS WHO CONSTRUCT HOUSING WITH SPECIAL FEATURES (SUCH AS RAMPS, GRABBARS, LOWERED COUNTERS, ETC.) AND SERVICES THAT WOULD NOT OTHERWISE BE AVAILABLE TO LOW-INCOME OLDER AND DISABLED PERSONS. THE HOUSE APPROPRIATIONS COMMITTEE HAS ALLOCATED FUNDS FOR ONLY 10,000 NEW UNITS IN ITS FY '88 SPENDING BILL WHICH IS LOWER THAN THE CURRENT FISCAL YEAR; WE HOPE THAT THE SENATE WILL RAISE THAT LEVEL TO A MINIMUM OF 12,000 UNITS.

(2) PERMANENTLY AUTHORIZE AND EXPAND THE CONGREGATE HOUSING SERVICES PROGRAM, WHICH PROVIDES ELDERLY RESIDENTS OF FEDERALLY ASSISTED HOUSING WITH NUTRITIOUS MEALS AND NON-MEDICAL SERVICES, THEREBY ENABLING THEM TO AVOID COSTLY PLACEMENT IN A NURSING HOME. BOTH H.R.4 AND S.825, THE HOUSING AUTHORIZATION BILLS NOW BEING CONSIDERED IN CONFERENCE, PROVIDE FOR A MODEST INCREASE IN THE SIZE OF THIS PROGRAM. AARP URGES YOU TO PRESS FOR A SPENDING LEVEL OF AT LEAST $10 MILLION FOR THIS PROGRAM IN FY '88, A LEVEL WHICH WILL MAINTAIN SERVICES IN THE EXISTING 61 SITES AND PERMIT EXPANSION TO SOME 25 OR MORE. THERE IS SUFFICIENT ALLOWANCE IN THE FY '88 BUDGET RESOLUTION TO ACCOMMODATE THIS LEVEL.

(3) PREVENT THE LOSS OF PRIVATELY OWNED, FEDERALLY SUBSIDIZED LOW-INCOME HOUSING PROJECTS THAT WOULD RESULT FROM PREPAYMENT OF MORTGAGES AND SUBSEQUENT CONVERSION OF THOSE PROJECTS TO OTHER USES. BETWEEN 7 AND 10 PERCENT OF ALL FMHA AND U.S. HOUSING AND URBAN DEVELOPMENT PROJECTS SERVING THE ELDERLY WILL BE ELIGIBLE FOR PREPAYMENT WITHIN THE NEXT DECADE. PROVISIONS IN H.R.4 WOULD ENABLE THE FEDERAL GOVERNMENT TO PROVIDE VARIOUS INCENTIVES FOR THE PRESERVATION OF SUCH PROJECTS AS LOW INCOME HOUSING, THEREBY PREVENTING DISPLACEMENT OF OLDER TENANTS AND OTHERS. AARP URGES YOU TO CALL UPON SENATE CONFEREES TO ACCEPT THE HOUSE PROVISIONS, AND SUPPORT A MORATORIUM ON PREPAYMENT UNTIL THIS PROBLEM HAS BEEN FULLY RESOLVED.

MR. CHAIRMAN, I HAVE CITED PREDICTIONS OF GROWTH AMONG THE ELDERLY POPULATION IN NEVADA. AS YOU KNOW, THIS GROWTH MIRRORS THE PATTERN TAKING SHAPE NATIONALLY. BY 1995, 6 MILLION ADDITIONAL OLDER HOUSEHOLDS WILL BE FORMED. THREE-FOURTHS OF THIS INCREASE WILL BE AMONG THOSE AGED 75 AND OLDER. MANY OF THESE HOUSEHOLDS WILL BE POOR AND WILL REQUIRE SUPPORT SERVICES TO REMAIN LIVING INDEPENDENTLY.

THE NATION IS ILL-PREPARED TO MEET THE NEEDS OF THESE FUTURE HOUSEHOLDS OR THE MILLIONS OF OLDER FAMILIES THAT ARE CURRENTLY "AGING IN PLACE." AARP BELIEVES IT IS ESSENTIAL TO REEXAMINE OUR NATION'S HOUSING PROBLEMS AND DEVISE A POLICY WHICH RESPONDS.

AARP COMMENDS THE CHAIRMAN AND THE COMMITTEE FOR HOLDING THESE HEARINGS AND PROVIDING AN OPPORTUNITY TO EXAMINE THE SITUATION IN NEVADA. WE LOOK FORWARD TO WORKING WITH YOU IN ADDRESSING THESE PRESSING HOUSING PROBLEMS BOTH AT STATE AND NATIONAL LEVELS.

THANK YOU.

STATEMENT OF LOIS J. BENTON, EXECUTIVE BOARD MEMBER, NEVADA STATE COUNCIL OF SENIOR CITIZENS.

Senator Reid. Lois, would you go forward with your testimony?

Ms. Benton. Thank you, Senator Reid.

Thank you, Senator Reid. This is a little uncomfortable. Let me get around here.

You have a copy of my presentation, but since then I have something else to add. The national—the Nevada State Council of Senior Citizens was formed just a little less than a year, ago, so we do not yet have our legislative committee, but we will have very shortly. Then you will be hearing from us in great detail.

The former speaker just mentioned a bill that was presented, ACR what was it?

Senator Reid. 24.

Ms. Benton. I called the Board of Realtors yesterday, Dale is here today, from that legislative committee. There's been no action taken on that interim study for low-incoming housing. Perhaps they will get with it.

Something was handed to me just a moment ago by Marian Smith, and I'm going to give you a copy of this. I think that she would appreciate it. It's by Sister Marilyn. I want to read this one in.

> Lack of money is the usual excuse for not implementing any suggestions to help the seniors. In reality, it's not the lack of money in what is still the richest country in the world, it's only a lack of concern, of understanding and too often of justice.

And also, as was spoken before, it's a matter of misplaced priorities.

Then Congressman before us, Bilbray, has mentioned the military budget.

In the short time I had to prepare this, I was unable to get the figures that I thought that I might, the numbers of people living at the present time behind St. Vincent's De Paul in North Las Vegas. They have a fenced lot there, but they don't have room for people inside. They take their little baskets with their sole belongings, they push them in there and then they have a little pallet that they sleep on the ground. Now, how many of those are seniors, I was not able to get in touch with him. He promised to let us know and I'll get that figure to you.

Senator Reid. We'll have the record open for that figure for 2 weeks. And during that period of time, if you find it, we'll insert that in the record because that's important to have.

Ms. Benton. I went with a friend of mine, who's on the Executive Board with me, Doris Locke and I went to the housing authorities of Las Vegas, and I was told by the lady there that there are no homeless seniors.

That there just could not possibly be any homeless seniors because everybody that applied there had an address.

Now, I ask you, how did they have an address? I know a couple that have lived in a car for 4 years. They lost their home due to high medical costs. They get a little less than $400 in their Social Security but about half of that goes for medicine and food. Now, they have applied, they have been waiting for years. They have applied over there. They have an address all right, because it's another friend's address, because they don't have a mailing address, they live in a car.

If I have time, Senator Reid, I'll go out to Overton and I will count the seniors that are living our there in trailers without any toilets or showers. They are living in cars and tents and old broken-down vehicles. They can live there for nothing.

I've been told this by a man who has just now been reduced to this because after his wife of 40 years decided she'd had enough of him and she took all of his money, now he's got an old trailer left and that's where he's going to live. He's already been out to look at it.

I'll go out and see if that's true and I'll let you know, Senator Reid.

He says the place is full of seniors.

I also know another man that's living in a car. And then a friend of ours, I'm sure you know her, a couple living on a lot behind Montgomery Ward, this lady that you and I know, Laura Smith, owned the lot behind Montgomery Ward where this couple were living under a tree. The lady died of exposure early in the spring. They were seniors. I don't know why somebody didn't help them, because a short time later the husband was murdered.

Some of the people that I know that are waiting for this senior housing wind up in nursing homes.

When we do get some money here, there is no reason for people to wind up in nursing homes. If we could build new units with onsite care, not doctors all the time, but somebody to take care of these people. If there's been any of those kind of units not in Sun City. I have a friend that lives in Connecticut, she says they have some beautiful units for seniors there.

I don't have all the answers, Senator Reid, I only know that we desperately need more housing.

I know a lady today that's going to go to a nursing home because she's alone. She's been in the hospital for 4 months. They told her under section 8 of HUD she can no longer have this house.

I know that you will take care of it. And we'll keep you informed from our National Council of Senior Citizens. Thank you.

[The prepared statement of Ms. Benton follows:]

Prepared Statement of Lois Benton

Speaking for the Nevada Stare Council of Senior Citizens: Lois J. Benton

I am pleased to meet with you today. I thank you, Senator Reid for the invatation extended to the Nevada State Council of Senior Citizens, of which I am an executive board member. Our organization is affiliated with the National Council of Senior Citizens. We are a non-profit organization and our sole purpose for being is to enhance the lives of Nevada's Seniors that they may live out the remainder of their years with human dignity.

In Clark County, as of 1986, there were 122,165 registered voters over 60 years of age in District #1, and 149,000 registered voters in District #2, but I am sure your office has the amount of registered people over 60 years old as well as the total count of the Senior Citizens living in Clark County. However that study will not show the Homless Seniors. Just a short time ago, a Senior couple living under the trees behind Montgomery Wards, were the homeless victims. The wife died of exposure, and a short time later the husband, living under the same trees to escape the elements, was murdered.

In the short time I had to prepare this I was unable to contact the Director of St. Vincent DePauls to find how many seniors are sleeping in the lot behind their buildings that they have no room to house, nor the major of the Salvation Army. However those numbers can be made available for you.

I bring this up at this point because I have been told by Housing Authority that "There are no Homeless Seniors" appling for their properties. This I know personallly is not true. I have 2 senior acquaintences who lost their home, and their furniture due to severe illness, they are living in their car, using a friends address, as they must have one. Half of their meager Social Security checks are spent for the medical care, especeally for Medicine, they couldn't move in if they gave them an apartment, as they don't have furniture, but they are on the list and have been for 18½ months.

Two elements are necessary for survival: shelter and food. That is for all of us. In the Seniors, more is needed. Medical help, transportation assistance, dental care including dentures, kitchen wares, blankets, toletries, clothing, and shoes.

I do not have the exact numbers of Seniors waiting for housing. I was told by the Las Vegas Housing Authorities that they have over 1,000 waiting and 20 per day are applying. The wait can be up to 3 years.

In North Las Vegas where I work as a Realtor, the City of North Las Vegas Housing Authorities told me that on Section 8, a 2 year wait is the average and under their Rose Garden units, six month to one year. They could not give me the exact number waiting as they are processing all the time.

Why, when new units are built, if we ever get funding for new ones, could there not be an on-site medical assistance made available? These are in existance in Phoenix, but only for those who have money to buy a lifetime apartment there. But it would save the cost of transportation for less serious medical needs.

Del Webb's new Sun City will not help the Seniors needing help from the Federal Government. In this present society of Have and Have nots, we can not approach this housing and Senior needs with a souless attitude. The Federal Government must be made to realize that their citizens over 60 years old represent a high percentage of their population, that in 20 years those numbers will double. And in 40 years, when the Baby Boomers reach retirement, they will be the highest percentage of their population. I am sure by then, as now, they will be Seniors who register and vote, because the Seniors do vote. We volunteer to help each other, Seniors watch very closely those persons elected locally, state wide, and to our Federal Government, when they are informed, they reflect their pleasure or displeasure by their ballots.

On the practical side, from actual studies last year, Seniors spent 800 Billion dollars in goods and services. In 20 years, that will double by Seniors and by the start of the next century, the culturally dominant group will be the Seniors.

Now how do we Seniors make our needs known? By the political approach and to the Business Community by the market approach. In our present only me mentality we can not reach them any other way.

In this great country of ours, there is money enough and intelligence enough to get in now and start filling up the gap of needed housing and to make concrete plans for the future.

Senator **Reid**. A couple of comments on your testimony—I appreciate very much the fact that both of you spoke with knowledge.

First of all, ACR-24 was approved by the State Legislature. It calls for an interim study, meaning that it will be conducted during the time the legislature is out of session. The chairman of the Interim Study Committee is Assemblyman Morse Arberry. Hearings will be held this fall in both ends of the State. So that is going forward.

I would also state, as I indicated in my testimony, that experts in Reno have statistics that show at least 10 percent of the homeless there are elderly. That's based on statistical research that has been done.

I would be interested to find out how many of the homeless here are elderly. I would think probably more because the weather is warmer, and it's easier for people to survive. An interesting statistic we picked up along the way is that the homeless or the people that die as a result of the weather die in the summertime, not the wintertime. Seniors can take cold better than they can take heat.

So, we are going to determine how many of the homeless here are elderly.

Something else we picked up in yesterday's hearing that I think is interesting is that Nevada is experiencing, and I quote, "An inmigration of near elderly."

The reason that phrase is important is that we have lots and lots of people moving to Nevada, who in just a matter of months for some, a few years in other cases, will become senior citizens. That's one reason by the year 2000 we will have realized an 85 percent increase in the number of seniors.

We all know that there are seniors who are homeless. As some of you may remember, I went out and spent a little time in southern Nevada in one of the homeless shelters. I spent the night, and, clearly, there were people there who were senior citizens who were homeless.

One additional statement—Sam, I think it's important that you brought up the statistical information you did. Yesterday, as a result of the hearing, we were able to get the FMHA representative together with the Administrator of the Division for Aging Services for the State of Nevada regarding those 504 funds. The problem with FMHA is that they have experienced such drastic staffing cuts that they simply could not make known to the senior population that those funds were available. The Administrator of the Division for Aging Services indicated that she can easily work with the FMHA representative to advertise to seniors what services and funds are available. So I don't think we'll have another year where those funds are not used or turned back to be used by other States. If we accomplish nothing else as a result of the hearings, we've accomplished that.

Sam, what is your opinion of the rental voucher program?

Mr. **Wunderbaum**. I'm not too familiar with that program.

Senator **Reid**. Lois, could you comment on that?

Ms. **Benton**. Senator Reid, I'm a realtor and I work and live in North Las Vegas, which is the low- and moderate-income section of this area.

I would say on an average we have about 20 in my office looking to supply this voucher. Now, they go and they have to get a certificate. It—I'm going to speak first for the senior side. The seniors, some of them get out and find this property. This is for people that are going to give this housing. It's already signed up with the North Las Vegas city housing. And then the other people go and get the voucher, the recipient. It doesn't work very well.

Not from the applicant's standpoint, because a senior doesn't have transportation to get there. The working poor have to work and can't get off on the days that they have to apply for it.

Senator REID. I make this statement to the other witnesses who are in the audience—I really wish you'd direct, if in fact you have some knowledge of it, some of your remarks toward the voucher program. We had quite a bit of testimony yesterday from a wide range of people. We could not find one person, one witness who said anything good about the voucher program.

We had one witness who said it was "better than nothing," but he said that's the best he could do.

So we'll be interested in what today's witnesses say.

Sam and Lois, thank you very much for your testimony.

Panel 4 will be Miss Suzanne Ernst, the Deputy Administrator of the Nevada Division for Aging Services here in southern Nevada. Suzanne, would you come forward, please?

Because of all the budget cutbacks, we are not going to have a feast after this hearing, but there will be some lemonade and coffee after the hearing.

Please proceed.

STATEMENT OF SUZANNE ERNST, DEPUTY ADMINISTRATOR, NEVADA DIVISION FOR AGING SERVICES

Ms. ERNST. Thank you, Senator.

I am Suzanne Ernst, I'm deputy administrator of the State of Nevada Division for Aging Services and I'm very honored to be here to discuss the issue of housing for the elderly. And as many of you know who have lived in Nevada for many years, that for older persons in Nevada, their old homestead is either too big, too expensive to heat or cool, or too difficult to care for.

Most were built before the term "Energy efficient" was even coined. As an example, my own 81-year-old mother who lives in Henderson planned for her old age. She owns her own home, which is over 40 years old. Now her power bills are greater than her house payments ever were. And her income was cut two-thirds when my father died. And I think that she is certainly not an exception, she is probably the rule. She has a home that she finds difficult to maintain, and yet she wants to be as independent and live in it as long as possible.

When we talk about senior citizens, I think that we have to include the frail and the independent, the healthy and the ill, the homeless and the homeowner. Where and how a person lives can reflect how well off they are. And housing is a major problem for the elderly. Our office receives hundreds and hundreds of phone calls. And housing requests, requests for affordable housing are one of the top three requests we receive. Health care and income problems are probably the other two.

We've already talked about the senior population, I don't want to go on anymore about that, but one thing I'd like to point out, this tremendous growth really started about 1970. And a lot of couples moved here from various areas in the Midwest and the East. It's 17 years later and these same couples who left their extended families, many of them are now single, widowed people living along without the support groups that they may find in other areas, because they have no extended family here. And then, too, these people's preference is to remain independent. And to do that they need housing that's safe, easy to maintain, and affordable.

This community has seen a tremendous growth of housing that is geared to those that are, of course, more well to do. We've seen some of the retirement communities, we know what Del Webb is going to do, and they certainly fit also a need for another group of seniors. But I don't think that's the people we are here to be concerned about.

What we are really concerned about are those people who are in the poorer group, the alone group and the old, old group who need affordable housing.

But at the same time I would like to say that the local housing authorities must be congratulated, through their aggressive policies, we have some of the finest senior housing in America right here. This includes some trailer parks, some renovated housing, some new apartments. And I noticed lately on 'television I've seen some other communities where they are pointing their fingers at public housing as being mismanaged and substandard. And I don't think you can say that in southern Nevada. I think we must be proud of what we have. It's just too bad they don't give them enough money to do the job.

With all the farsightedeness and success that we have, it's also imperative that I second everything that everyone else has said about Federal commitment. It's not possible for local entities to provide the amount of money that we'll need to meet the growth in this area. We know who are generally most in need; the poor, the old old, they are the minorities and they are women living alone, statistics prove it. Local entities can't meet it and they need help.

Remember, the elderly are not in two groups. Unfortunately, that's where a lot of people like to put them. One they see as being self-sufficient, having money and being independent. Then they see the other side as being helpless, those who need all kinds of care, need to be in institutions. It's not true. There's many more than two groups. And with basic support such as affordable housing, the elderly can remain self-sufficient and independent, which is certainly the goal that I know all the seniors have.

I'd like to point out one more thing. We have a very fine meals program in this State through all the senior centers and we serve thousands of home-bound meals throughout this State, delivered to those who need to have a home-delivered meal. And I have made it my job and responsibility whenever I go to a community to ride the delivery route and visit all the homebound. And I must tell you that whether we are talking about Battle Mountain or Mesquite or Las Vegas, there are some absolutely squalid living conditions in this State. They are there, you can't avoid it, they need help, they need it desperately and they need it now. So I hope that somehow, Senator, that people like Congressman Bilbray and you can help us meet this unmet need. We need senior housing and we need it now. Thank you.

Senator REID. You touched upon someting that was brought out in great detail yesterday that I think is important to mention here today.

Yesterday we had testifying before us Larry Bettis, who is the District Attorney of Mineral County. He's also head of their housing authority. He testified, as did Lt. Gov. Bob Miller, who, of course, was District Attorney here for 8 years, that one of the real benefits of senior housing is what it does to crime.

The most vulnerable to crime are the elderly. However, they clearly testified that the ability of criminals to prey upon the elderly is significantly lessened as a result of many of the things that take place in senior housing programs, such as watching out for others.

Would you agree with that?

Ms. ERNST. Absolutely. But I think it's also more than that. What I see is particularly for those people who are alone after many, many years of being in a relationship, women particularly because they are widowed more, is that they are so afraid to be in that house, even though they have lived there a long time, and the security of knowing that there are other people around them gives them a normal life style that they would otherwise lose.

I had a lady call me who told me since her husband died she hasn't been out of the house in 2 years, she was that frightened. And we were able to get her help.

And I think that is not so uncommon, again, I think there are a lot of people out there who when they are alone become very, very frightened.

Senator REID. One of the things that was brought out in yesterday's hearing and in other hearings around the country is the fact that people talk about spending lots of money for senior housing. But tied to that is the fact that people who don't have adequate housing tend to cost society even more in medical costs and other types of assistance that would not be necessary if they had decent roofs over their heads.

Would you also agree with that and elaborate on it?

Ms. ERNST. Absolutely. And going back to what the other lady said, we don't need more institutions just for people who are alone, there are people who can be independent with a little bit of support. And that's what this is all about. There isn't just two groups of seniors, and I wish people would stop thinking that. I know 80-year-old's, and my mother's one of them, who live alone very nicely, thank you, with some support. Fortunately, she has a family here. Other people do not. And I think that's what this is all about.

The housing authorities are very supportive of their tenants. They are there if there are problems.

There was a small fire at a senior housing complex 6 or 8 months ago and I went over there. There was really nothing too serious for most people that happened to be there, but the thing I was happy to see is the tenants were all so supportive of one another, helping one another, worrying about one another, taking care of one another. And I think that is part of the advantage of that kind of housing for those people that don't have other support systems.

Senator **Reid**. Suzanne, at the hearing in Reno yesterday, and I'm sorry to be so repetitive, but I think there are things we need to share that occurred at that hearing.

Two witnesses that testified at that hearing were a mother-daughter combination. The mother is 81 years old, the daughter, 61 years old.

I asked them why they lived in a senior housing complex. The 81-year-old woman had been on the waiting list for several years before she got an okay to move in. By the time she got the okay to move in, she wasn't able to live alone. Her daughter moved in with her. They have lived there now for several years, and they are doing just fine.

The point I'm making is if that daughter could not live with her, she would be in a rest home, which would be a waste to society and a very costly waste.

Now, everyone doesn't have an opportunity to move a daugher in with them. That's the reason that I think so much of home health-care programs, Senior Companion programs, and others that allow people to live alone in homes. In addition to the help these programs provide, they save us as taxpayers lots of money.

Ms. **Ernst**. It does. And I realize that's very important because money is important. But I don't know a senior who doesn't want to be independent. That is their number one criteria and they don't care if you're talking about institutions or anything else, they want to be independent as long as possible and we should support them. That's what they want.

Senator **Reid**. One last thing. You mentioned in your testimony that the housing authorities in this area, the Clark County Housing Authority and Las Vegas Housing Authority and North Las Vegas Housing Authority, have done some interesting and innovative things. The testimony we heard yesterday is that the first two, and there are only three in the country, senior mobile home parks developed by public housing authorities are in the Las Vegas area. So that's interesting. The other one I think is in the State of Washington.

So we are doing with a limited amount of resources some interesting things.

Thank you very much for your testimony.

We are fortunate to have with us today another Suzanne, Suzanne Bailey, who is Deputy Director of the Housing Development Division, San Francisco Regional Office, U.S. Department of Housing and Urban Development.

Suzanne Bailey will give her testimony at this time. Suzanne.

STATEMENT OF SUZANNE BAILEY, DEPUTY DIRECTOR, HOUSING DEVELOPMENT DIVISION, SAN FRANCISCO REGIONAL OFFICE, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Ms. **Bailey**. Thank you, Mr. Chairman, for the opportunity to appear before you today to discuss the role of the U.S. Department of Housing and Urban Development and the provision for the elderly.

The Federal Government's participation in the financing and development of housing is a very complex subject. And I'd like to start by just giving a brief overview of the various programs, with paticular emphasis on housing for the elderly and the situation in the State of Nevada.

The painful truth about the Federal Government's role in housing, as you've heard already this afternoon, is that there's simply not enough to go around. There are always many more persons who qualify for Federal housing assistance than can be accomodated with the available funds. No Federal budget, from the time the Federal Government first became involved in public housing, has ever been able to do more than simply chip away at the total need. And as each annual increment is made the Federal Government's long-term obligation to support that unit increases.

Steady progress has been made, however, in increasing the number of persons served by Federal housing assistance programs. In 1980 about 3 million people were served—subsidized by HUD. In 1987 that figure had grown to over 4 million

Over the years HUD has utilized a variety of funding mechanisms to support housing. Many of these have been very expensive.

The newest of the subsidy mechanisms, the Housing Voucher Program, is expected to be the least expensive, while at the same time maximize the degree of choice for the recipient.

Vouchers may provide housing assistance to low income persons at a cost almost three times less than that of new constuction.

In order to explain how HUD impacts the plight of low- to moderate-income elderly persons who are seeking suitable housing, it is useful to briefly review the key HUD programs which can be used to provide housing for the elderly.

HUD provides resources to benefit the elderly under a number of different programs. In all of these, however, HUD acts primarily as a financial intermediary. It does not construct housing, it does not design housing.

The Department depends on local organizations and local initiative to take advantage of the programs which Congress makes available.

Our largest grant program is the Community Development Block Grant Program, through which we provide about $2.5 million annually to the two eligible cities in Nevada, to be used, at the discretion of local officials. The actual use of the money hinges on local plans and priorities. Many communities across the country have devoted substantial portions of their Block Grant funds to housing-related purposes. In Nevada, both the cities of Las Vegas and Reno receive annual Block Grants on an entitlement basis.

HUD's housing programs fall into two categories, subsidized and unsubsidized, although an individual housing development may benefit from both types of programs.

The unsubsidized programs are commonly referred to as the FHA Mortgage Insurance Programs. Under these programs HUD insures private mortgage lenders against loss of mortgage money to foreclosure or default. These moneys finance both construction of single-family homes for individual home ownership, and most high-family rental accommodations.

The rental complexes financed by FHA-insured loans can be, and often are, reserved for occupancy by the elderly. However, since the rents charged must be sufficient to make mortgage payments and pay for the operation of the project, they may be out of range for many of the elderly population. In such situations, project owners have used combinations of other resources, often including HUD rental subsidies, to bring rents into reasonable ranges for modest-income elderly renters.

The subsidized programs are best categorized into two types: Those operated by private owners and those operated by local public housing authorities. In both cases, HUD's subsidies are provided to keep rents low for low-income persons.

In the case of private owners, HUD provides for lower rents, either by subsidizing the mortgage interest rate paid by the project owners, or by providing a direct rental subsidy.

In the case of Public Housing Authorities, HUD assists in two ways: Under the older of the two programs, HUD provides the financial resources to enable a PHA to build, own, and operate low-rental public housing. Under the newer programs, called the Section 8 Certificate and Voucher Programs, HUD provides annual grants to PHA, which subsidize rents for low-income tenants in privately owned rental units.

What is the availability of housing programs? The unsubsidized FHA mortgage insurance programs are routinely available. Potential developers must have the financial resources to undertake the project as well as skill and expertise in development of the project. Developers and their lenders submit detailed plans for HUD to review. But the overall responsibility for the development rests with the developer.

Subsidized programs are generally competitive in nature. The amounts of money available under these subsidized programs depend on the level of allocations made available annually by Congress.

Finally, these funds are distributed nationally and then made available to local agencies and organizations through some sort of competitive process.

Each year HUD provides increments of Section 8 certificates and vouchers to public housing authorities. Since there's never enough funding to meet the potential demand, the Department attempts to distribute the limited funds available each year in an equitable fashion; basing its allocation primarily on performance and population statistics.

Public Housing Authorities in the State of Nevada routinely receive annual increments of section 8 funding. They, in turn, determine how much of that subsidy will be reserved for elderly persons and how much will go to low-income families.

Two programs are also currently available to subsidize privately developed rental housing. I'd like to talk just about the section 202 direct loan program.

You've heard about that mentioned already this afternoon.

Section 202 projects are designed exclusively for occupancy by low-income elderly and the handicapped. The annual competition for funds to construct new projects under 202 is only open to nonprofit sponsors. Interested nonprofit organizations submit applications which are graded and ranked against all other applications, first at the regional level, which includes four States here and then at the national level.

Since the inception of the 202 program, Nevada nonprofit sponsors and borrowers have successfully competed to secure nine Section 202 projects comprising 611 units.

The competitive nature of the 202 program does tend to favor certain types of sponsors. Sponsors, these are nonprofit, with substantial experience in housing development and management. Sponsors with strong financial capacity and sponsors who are able to arrange for the commitment of resources complimenting the HUD funds to support the development of the project.

It's also, I think, important to note the broad historical trend in HUD's housing subsidy programs away from the expensive project-based subsidy, such as 236, and in the direction of a household base subsidy such as the Section 8 program. For the individual elderly person or couple this broad trend means instead of having to move into projects, that they can shop on the open market for rental accommodations that meet their needs. Within reasonable limits they can select the neighborhood they want and unit they want to rent and use their rental assistance voucher to make up the difference between what they can afford to pay and the actual rent of the unit.

In summary, HUD attempts to distribute available funds equitably to all geographical areas of the country. Unfortunately, there are never enough available resources to meet the total need and demand for housing subsidy. HUD's investment in Nevada is not insignificant. We currently support a substantial amount of housing reserved exclusively for the elderly. This includes 1,014 low-rent public housing units; 1,376 units covered by section 8 rental assistance and this includes vouchers and certificates; more than 14,000 units which receive some form of mortgage interest subsidy. Certainly we support efforts for the housing situation of low-income elderly in Nevada.

Given the limitations imposed on us by statute and regulation, those of us at the regional level have made every effort to insure that the elderly in the State of Nevada receive an equitable portion of the overall funding available in this part of the country.

We will continue to stand ready to work with local officials in Nevada to improve the situation for low-income elderly persons in the coming years.

I thank you for inviting HUD to present information at this hearing and we appreciate and respect your interest in housing elderly in Nevada.

Senator REID. Miss Bailey, I have a couple questions.

Does your information indicate how many people have used vouchers this past year in Nevada?

Ms. BAILEY. I do have some statistics on that, if you'd like me to check.

What the Department does is basically survey the public housing authorities who have received the allocation vouchers. And we ask them to report to us their usage.

And as an example, my statistics as of August 1987 indicate that of the 148 vouchers allocated to Clark County, 129 were sent, sometimes you can work things like that, of not only the units occupied and 103 percent of all the units are occupied.

Senator **Reid**. What does that mean in layman's terms.

Ms. **Bailey**. That means that every voucher that Clark County has is in the hands of someone using it.

Senator **Reid**. You have a statement in your testimony that says, "Given the limitation imposed on us by statute and regulation." Those at the regional level, meaning San Francisco where you work, have made every effort to insure that the elderly in the State of Nevada receive an equitable portion of the overall funding available in this part of the country.

Are you saying that you're doing everything you can with a limited amount of money to make sure Nevada gets its share?

Ms. **Bailey**. Yes, sir.

Senator **Reid**. I have no further questions. Thank you very much for being here.

Ms. **Bailey**. Thank you.

Senator **Reid**. The next panel is comprised of Gus Ramos, Executive Director of the Housing Authority of the City of North Las Vegas, and the Honorable Mary Kincaid, City Councilperson for the City of North Las Vegas.

Mr. Ramos, Miss Kincaid, please give your testimony, with Mr. Ramos being first.

STATEMENT OF GUSTAVO RAMOS, JR., EXECUTIVE DIRECTOR, CITY OF NORTH LAS VEGAS HOUSING AUTHORITY

Mr. **Ramos**. Senator Reid, thank you for allowing me the opportunity to address this Senate Special Committee on Aging to express my concerns over the tremendous reduced role of the Federal Government in dealing with affordable housing for the elderly and other related issues.

Since 1980 when Federal cutbacks began, the largest cutbacks have been to the housing programs. This lack of support has resulted in a rapid decline of the quality of life for the lower income families throughout this country and in the State of Nevada. The increased homeless is only a symptom of the problem that is being created by the decline in availability of adequate housing for lower to moderate income families. We see only the tip of the iceberg in respect to what we may see later if there isn't a positive response on the Federal level.

The Housing Authority of North Las Vegas has a total of 872 units of assisted housing. Of these, 224 are for the elderly, handicapped, or disabled. 113 are section 8 certificates, 1 is a voucher and 120 units are in the only low-rent elderly project in the city of North Las Vegas.

Many of our elderly take advantage of the Meals on Wheels program available 5 days a week in the recreation hall. This is for some the only meal that they receive.

Our total elderly waiting list currently represents approximately 6 months to 1 year waiting period prior to placement.

We are a small housing authority. Our administrative office is located on the site of our low-rent public housing project. Consequently, staff deals daily with the problems of the low-income elderly with increased awareness.

We are aware of the fear of the elderly of being unable to maintain a dignified self-sufficiency. Many of the tenants now residing in our project are long time residents, which is reflective that our elderly population is living longer, surpassing 80 years. Our elderly project presently has a two generation family, both mother and daughter living in separate units.

It's sad to watch the fear among some of the elderly residents as they begin to realize the limited time remaining for them to maintain independent living arrangements in a dignified manner.

It is apparent that the prospect of leaving their own apartment and entering a nursing home because they are no longer able to care for themselves brings on numerous symptoms associated with a neglected society.

They tend to become very depressed. Some even turning to drugs or alcohol in an attempt to soften the abrupt change in their lifestyle.

Some recent tenants being placed in our project come to us knowing this is most likely the last attempt at maintaining their independent lifestyle. Placements are at times very marginal. Staff attempts to determine the applicant's ability to maintain themselves with minimum assistance, but sometimes a tenant's family must be encouraged to seek alternate housing for them with supportive services, which usually means a nursing home.

Our Nation in the past has shown symptoms of a society without compassion for the increased needs for the elderly. A much-needed awareness and concern for our forgotten society is not becoming evident with increased media focus, congressional interest, and overall public concern.

Current Government programs make an attempt at addressing the housing needs of the elderly, but the idea of support services to accompany these programs is perhaps the most encouraging step to be taken in some time.

By addressing the needs dealing with housing, nutrition, and health care, we can alleviate much of the suffering by the elderly. Some elderly are pushed into subsidized housing as their financial base is depleted due to the high cost of health care. The catastrophic midical expenses encountered when an individual becomes ill can easily wipe out a lifetime of saving. It's not unusual to hear a story from one of our elderly of how they saved all their lives in order to not be a burden on society or their family, only to have their savings completely wiped out. There's something wrong with a society that mandates that an individual completely deplete their assets before they can obtain assistance for catastrophic medical situations.

We are gaining additional insight in North Las Vagas to the needs of elderly homeowners. Two units presently being offered for sale to the housing authority are by surviving elderly individuals. Both individuals purchased their homes with their spouses over 20 years ago and were the original owners. Through no fault of their own, their once adequate income has become inadquate to address housing rehabilitation, maintenance, dietary, medical, household, and insurance expenses.

Still trying to maintain some order of self-sufficiency, one of the individuals intends to purchase a less expensive mobile home and dispose of her car which she drives only once a week. The other individual planned to enter a retirement center.

Individuals such as these could eventually reach our elderly waiting list if their remaining resources are depleted.

Transportation is another area of great concern. The Housing Authority of North Las Vagas presently offers a minibus service for shopping once a week and for special events. The expense of operating the bus is discussed yearly as the budget is prepared. Because our other financial needs are so great and our income so limited, the bus has become a luxury. The insurance, maintenance, and driver expense increases yearly. To discontinue the service, however, would create a monumental hardship.

The city of North Las Vagas is in need of a senior community center containing congregate housing services for the elderly and would be an ideal location for support services demonstration program.

The National Association of Housing and Redevelopment Officials are urging Congress to authorize a permanent congregate housing services program for frail eldely and handicapped persons in the Federal assisted housing. Such a program, they say, would help sustain independebnt living and prevent premature institutionalization.

I commend the Senate Committee on Aging for their strong support for authorization of increased appropriations for the Congregate Housing Services Program.

It would be my hope that this program becomes a reality and that the rent-income ratio be reduced to 25 percent for the elderly.

In summary, I would like to indicate I feel strongly the housing and other needs of the elderly would never be adequately met unless all levels of government share the responsiblity.

The retreat of the Federal Government from a significant role in funding housing and community development programs must be reversed and the goal of a decent home and suitable living environment for every American family, including the seniors, must be evident in our national policy.

Clearly I am concerned because I see the tidal wave of increased need that in the forseeable future will arrive as a result of the funding cutbacks sufferend by housing programs since 1980.

The elderly will continue to come here because of the weather and because of the low cost of living. How will it be possible to deal with the housing needs of the most needy of the elderly when the present administration in Washington, consistently attempts to eliminate the safety net?

I respectfully request the committee support legislation that will assist us at the local level to preserve and use the existing housing stock in our community and legislation that will provide adequate funds for rehabilitation maintenance, operation, and upgrade of substandard housing.

I hope that Section 202 elderly housing will continue to be funded and the additional low- and moderate-income units funded by HUD are at the least maintained at the present level, if not increased to meet the increased need for affordable housing.

Senator, thank you again for allowing me to make these comments.

STATEMENT OF MARY KINCAID, NORTH LAS VEGAS CITY COUNCILPERSON

Ms. KINCAID. You've heard many statistics today concerning the number of seniors who need housing, the waiting lines, et cetera, so I'm not going to repeat all those facts and figures.

We all know there's a critical shortage of senior housing and we also know about the Federal budget deficit and elimination of many housing programs and we know something has to be done.

I would like to offer some suggestions for solutions and would like to preface that by saying I know many seniors too, and they are all fiercely independent. But independence does not always or necessarily mean being alone or that they can't be independent while sharing their home, their love, and their experience.

I had a recent experience. My sister who just died was living in a home that she shared with two other seniors. She did not make enough money to live in public housing because she could not live after the paid her percentage of the income, so they shared a house.

Many of these suggestions may need to be refined, redefined or eliminated. None of them have gone through the study process. But we must start somewhere. And obviously the programs of the past are not keeping pace with the needs of the present and in the future some new innovative answers must be forthcoming.

I would like to offer these suggestions as not only a solution to some of the senior housing problems, obviously we are going to have to have a Federal commitment, and I thank God for people like Harry Reid and Jim Bilbray who have that commitment, and hopefully we'll get it from many more of our Federal people.

But we also have to have other alternatives for services. One of these suggestions would be senior-shared homes, and obviously I got this from my sister. Several seniors would rent a three or four bedroom house and share expenses and housekeeping duties. They would still maintain their independence and the Government could participate by offering a small subsidy to help with utilities, et cetera, and provide transportation, which I find seems to be one of the single most difficult problems of seniors.

Second, we could intersperse some senior housing with younger families to prevent isolation from other age groups, which I've heard many seniors say one thing they dislike about senior housing is because there are no children there. Many seniors don't want children around, but many do. And if it was interspersed with other age groups we might find a possibility to eliminate some of the need for subsidized housing for some of our younger poor families.

Perhaps we need a revision of the section 8 voucher type certificates for seniors that would allow them a subsidy no matter where they live. And part of that assistance could include transportation to find these homes that they could live in.

A foster senior program that would allow a family to open their homes to seniors by mutual agreement and benefit to both. This is not an original idea, but it's one that I have seen working and feel that something the Federal Government could afford as an alternative to providing more buildings.

I know of a family that has basically adopted a senior. She lives in the family, acts as a grandmother, she comes and goes as she pleases. She—because she does not have to pay full rent, she has more money to buy gifts for her friends and her grandchildren and whomever she pleases. And they have a very good working mutual agreement. I think that could be something we could look at for some of the seniors.

Assistance to families who wish to keep older relatives in the home but do not have the physical or financial resources to do so. I think it's deplorable that in this country many seniors are living alone or out of their cars, and they have families but the families either do not have the physical resources or financial resources to keep their parents or their sisters or whatever in their homes. If, perhaps, there was some type of program that would be available for these families so that seniors could live with their families where they are loved and could be a part of the family, providing their love and experience to these families.

Obviously, we need more flexibility and creativity in all the programs in order the meet senior needs on a more individual basis.

We should set up a nationwide senior forum to formulate ideas for new housing programs. These are just a few ideas, and I'm sure all of you have many more ideas. Not all of them are applicable to every person, and that's why flexibility in arriving at programs is so important.

Building new projects is the most expensive way to provide housing. With the Federal budget deficit and the lack of commitment we are no longer receiving enough funding for new construction. But every problem has a solution and I'm confident that all of us together with the seniors' help, with your help and with Gus and all those who are in the same business, with all of us working together we can find a solution to this problem. Thank you.

Senator REID. I was very impressed with both your testimonies.

I'd first like to say that we heard from Suzanne Ernst about the good job that she felt the different housing authorities were doing in this area with the limited resources they have.

Sometimes I think Gus is a little overshadowed because Las Vegas and Clark County are such large municipalities. But I know that Suzanne did not mean to, or did she, in fact, keep you out of that equation.

I met Gus when he first came to town. And at that time I was impressed with his résumé, and still am. Most of you don't realize that Gus served as a City Councilman in Ontario, CA for a number of years. He was head of the Housing Authority in Upland, CA, and the Housing Authority of the County of Riverside in Indio, CA, prior to coming to Las Vegas. I think the City Council made a very wise choice in bringing Gus here. He's been a pleasure to work with.

I want to ask a few questions because I was impressed with your testimony.

You've indicated and I read directly from your testimony, "We see only a tip of the iceberg in respect to what we may see later if there isn't a positive response on the Federal level."

Would you elaborate on that statement?

Mr. RAMOS. At the present time, Senator, we are in the process of taking advantage of the money that's in the pipeline, funds that were approved awhile back that haven't been expended by HUD as yet. And that's going to run out fairly soon in the process—the process of catching up, I don't believe, is going to be easy if we don't turn this around quickly. Because the demand is going to far out exceed—will exceed what the need is. And I'm just afraid of the increased demands coming about that we don't see right now.

Senator REID. You made another statement that said this lack of support, that is in Federal assistance to housing authorities all over the country, has resulted in a rapid decline in the quality of life for the lower income families.

What do you mean by that?

Mr. RAMOS. Well, I think with the decrease in affordable housing being constructed, and you might add into that the tax laws that discourage certain type of construction in communities, that you're having many of the people pushed out at the bottom. So the affordable housing is not there. We have the homeless increasing. And those other individuals that are the working poor that will not be able to find any housing out there because the construction is not taking place.

Senator REID. Gus, I think at hearings like this and other governmental programs, we sometimes lose sight of the fact that we are dealing with real human beings.

Could you relate to the committee some of the daily problems you and your staff face in dealing with people that have no place to live. Do you see a couple people a day, a couple people a week, an hour?

Mr. RAMOS. It's extremely frustrating because we don't have emergency housing available. We know the people are there. We face them on a continual basis day in and day out as they come to us. And we have to tell them we can't put you on the waiting list in reference to some families because the waiting list is so long and it would be useless to have you on there so long, we'd be raising your hopes up. The units are just not there.

So we have to turn people away. And it does affect us on an individual basis, we just don't have the units.

Senator REID. Where do these people go?

Mr. RAMOS. For the most part they continue living where they are. Many times we lose track of them, They are no longer to be found. So whether they are out on the street or whether they moved out of the area or where they are, we just don't know.

Senator REID. Of course, it goes without saying that many people don't bother to sign up because they know how long the waiting list is; is that a fair statement?

Mr. RAMOS. That's correct. It's like a turnstile. We just can't help them.

Senator REID. In your testimony, you described the housing stock in North Las Vegas. I think you said you had 872 units. Is that about right?

Mr. RAMOS. Yes, that's it.

Senator REID. You said one voucher for the elderly. What did you mean by that?

Mr. RAMOS. We received 25 vouchers I guess it's about a year now, maybe a little less than that.

Senator REID. What does that mean, you received a voucher?

Mr. RAMOS. We received them from the Department of Housing and Urban Development.

Senator REID. What do you do with the voucher when you receive it?

Mr. RAMOS. We immediately pull people off our waiting list so the people can look for units in the community. And of those 25, one of them was an elderly?

Senator REID. The rest of them were for the poor nonelderly.

Mr. RAMOS. That is correct.

Senator REID. So even though we talk about a number of vouchers being available in the community, at least in the case of North Las Vegas, only one twenty-fifth of those went to the seniors?

Mr. RAMOS. That's correct.

Senator REID. What is your opinion of vouchers?

Mr. RAMOS. We've had such a short—we don't have that much experience with them as yet. We just got 25. As I say, they are working fine in reference to providing assistance to families at this point.

Senator REID. You would agree with the statement that they are a lot better than nothing?

Mr. RAMOS. That's correct.

I would also agree with the statement that we, as the lady before us testified, the lady down here, that it is difficult for seniors to get around. And unless they are in place, which is permitted under the voucher program or certificate program, unless they are living in place, it is difficult sometimes because of transportation for seniors to find available housing.

Senator REID. That brings me to my next question. And that is, will you agree that transportation is vital to seniors, whether it be for meals or medical treatment or whatever?

Mr. RAMOS. I most certainly do. Because most of them are arriving at the point where they don't wish to drive anymore. And when the available transportation isn't there for them—insurance cost for a senior is probably prohibitive.

Senator REID. As bad as for my teenager, right?

Mr. RAMOS. Yes.

Senator REID. Have you had any experience with the opting-out prepayment problem?

Mr. RAMOS. No, sir, at this point we haven't.

Senator REID. If I could share this with you—in Reno yesterday, we heard testimony about a provision in the law that allows people who have built senior citizens housing complexes to pay off the 40-year loans from HUD after 20 years if they choose to do so. Once they pay off the loans, the same rules do not apply. They no longer have to maintain these facilities for seniors in need of housing assistance. They can raise the rent every day, every week, every month. They can really run the seniors our of their complexes.

At this time the Federal Government has a moratorium on this prepayment or opting-out program, but it is looming on the horizon. And according to the testimony yesterday, it is very, very, hurtful to the seniors who have been in these facilities.

Mary, your testimony was very good. I think it was good because it was specific. As you indicated, I don't know if your suggestions are in their entirety, good or bad. But they really give us something to look at. You were specific, and frankly, a number of the proposals that you suggested I haven't thought about. They will be taken back to the staff, and we'll review them in a number of different ways to determine if any of them are helpful and workable. Thank you very much for your testimony.

Now we'd like to do something a little different. I'd like to ask Arthur Sartini and Bill Cottrell to come forward at this time.

Arthur Sartini is executive director of the Housing Authority of the City of Las Vegas. Mr. W.F. Cottrell is executive director of the Housing Authority of Clark County.

Mr. Sartini, would you give your testimony first, followed by Mr. Cottrell, and then we'll have some questions for you.

STATEMENT OF ARTHUR D. SARTINI, EXECUTIVE DIRECTOR, HOUSING AUTHORITY OF THE CITY OF LAS VEGAS, LAS VEGAS, NV

Mr. **Sartini**. Yes, Senator. Thank you very much. Thank you for the opportunity to testify before the committee.

I'm also a member of the Association of Housing Authorities and I appreciate the opportunity to submit, for the record, the material that they put together for the hearing.[1]

Senator **Reid**. That will be the order.

Mr. **Sartini**. With regard to my testimony, I'm going to go in a little different direction, and probably stir up some people, but it's my true feelings with regard to the program. And with that I'll just take off.

We all know of the tremendous need for affordable housing for elderly. The numbers are absolutely staggering. The waiting time for an applicant, as the Mayor indicated, is approximately 24 to 30 months. Which we are assisting less than 10 percent of those in need. This percentage is one that relates nationally. However, I will not dwell on these problems which you are all too familiar, but discuss what I perceive to be the solution.

After some 30 years in this business, it is my opinion that government, given it's financial constraints, cannot come up with sufficient revenue to alleviate or make a dent in the problem. Look at what is happening nationally. The Boston Housing Authority is in receivership and being run by a Federal judge. The Chicago Housing Authority is going into receivership, the Miami Housing Authority has been called the worst slum landlord in the Nation. And 2 weeks ago the Housing Authority in Los Angeles was unable to meet its payroll.

Why are housing authorities facing such devastating problems? In my opinion, you can sum it up in two words. The Brooke

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[1] See appendix, p. 127.

Amendment. The Brooke Amendment mandates residents must pay 30 percent of their income for rent. There are several housing authorities in metropolitan areas that are experiencing substantial negative rents. In those cases the taxpayer is actually paying the resident to live in public housing. I don't think the general public understands or is aware of this fact, but I feel it's about time someone let them know it's going on. It's degrading, it's against basic American values and adds millions of dollars to the Federal deficit. If this practice is allowed to continue, public housing cannot survive.

The process should and can be very simply be reversed. First, abolish the Brooke Amendment. Second, allow public housing to charge minimum rent; and third, do away with utility allowances. Residents should be made to pay for their utility use.

As I indicated earlier, close to 90 percent of those who qualify for subsidized housing are not being helped. They are somehow surviving without the assistance those living in public housing receive. Don't you think they'd be more than willing to share some of the costs if they could be assured of being provided decent, safe, and sanitary buildings?

It has been our experience that the majority of residents want to contribute to the provision of a better lifestyle. In 1981 we initiated a charge to tenants for stoves and refrigerators. This allows us to provide for replacements as they deteriorate. In addition, it allows us to offer services to residents which otherwise would not be possible. Among the services we provided and now are providing are security, mobile security force, the health screening program, bus services, activities and trips, annual Christmas parties, senior projects, and provisions of emergency food baskets. The vast majority of our senior residents are more than willing to make this small contribution to ensure these services are available to them and that they will continue.

Because of Federal regulations and bureaucracy and being unable to contend with the many changes that have occurred within the Federal structure, about 4 years ago we decided to go in another direction in order to continue to provide affordable housing for senior citizens. We deviated from the norm and provided nonsubsidized housing to seniors who pay from $185 to $300 for a one bedroom apartment. These projects are virtually occupied before we can get them off the ground. We realize, of course, this does not meet the need of the very low income senior, but I'm not sure that need can be met. Not without substantial subsidy which Congress has apparently decided this country cannot afford.

Until those in power realize the housing programs cannot survive unless there's a mutual effort by government and by those who need assistance to underwrite the exorbitant costs, there will be a continual erosion and deterioration of public housing until it no longer exists.

Senator REID. Mr. Cottrell.

STATEMENT OF W.F. COTTRELL, EXECUTIVE DIRECTOR, HOUSING AUTHORITY OF CLARK COUNTY, LAS VEGAS, NV

Mr. COTTRELL. We appreciate the effort that you've made, Senator, in holding these hearings and permitting us to come forward and present our views on what the situation is and what can be done to rectify it.

Our agency serves Clark County outside the two major cities, so we are providing services for seniors and other low income people in unincorporated Clark County, Henderson, Boulder City, and Mesquite. So the statistics that I'm talking about are not overlapping with the other two housing authorities.

At the present time we are providing assistance to 654 low income senior households. Our county planning department, taking the 1980 census figures, which are the last figures we have available, and updating those with migration into this area, believes that there are over three thousand additional low income senior families in our area of service that we are not able to serve.

What that means is we are serving slightly more than we are usually able to do. We are serving about 17 percent of the low-income elderly.

What does that mean? It means that housing has never been high enough priority in this country to make it an entitlement program. People complain to me about the lack of housing and I make the comparison with some other programs. If you are eligible for AFDC, you get AFDC. If you're eligible for food stamps, you get food stamps. If you're eligible for SSI, you get SSI. And since gaming is legal in our State, I always say if you are eligible for housing the odds are 5-to-1 that you ain't going to get nothing. And that's just about what it works out. We are serving 17 percent, or one-fifth of those eligible people. So housing is not an entitlement program. And until and unless the Congress and whatever administration wants to make the effort to make it a higher priority in this country, we are going to be continually faced with the fact we just don't have enough resources.

In terms of the types of housing that are available for the elderly, really there are three programs that are available through HUD. One is conventional low rent public housing. The Las Vegas City Authority, North Las Vegas and we have been able to develop very attractive, well-managed elderly units.

Then there's the Section 8 certificate and voucher programs, which are newer programs which operate in the private sector, where the housing authority helps the elderly person or couple pay their rent. They pay 30 percent of their income and the housing authority pays the difference up to a maximum.

The third type, and all of these have been discussed earlier today, is the Section 202 program. Essentially, as far as the resident is concerned, it's financed the same way, they pay 30 percent of their income as rent.

The important thing to remember about these programs is only the conventional public housing and the 202 program offer any long-term guarantee that those units are going to be available. The Section 8 program, if it's vouchers, it's limited to a 5-year period. There's no guarantee at the end of those 5 years those vouchers will be available. The Section 8 certificate program is a maximum of 15 years.

I note that in or own case, our 15 years runs out in September 4 years from now. If that program is not renewed, those certificates will no longer be available to assist seniors and other low-income people.

Another difficulty with the Section 8 program is that there's no feasible way of providing services to people that are scattered throughout the private sector. The congregate services that have been discussed earlier and which I agree are very, very important, cannot be provided on a scattered basis. If you're going to have those kind of services it's certainly much more cost effective and efficient to provide them in a setting such as conventional public housing or the Section 202 program.

It's estimated that 25 percent of the elderly in assisted housing are at risk of institutionalization. The congregate services that have been discussed earlier cost only about 25 percent of what it costs to keep somebody in a nursing home or rest home or some kind of institutionalized setting. I think we ought to be particularly concerned about the elderly elderly. Those that are 85 years and above are the fastest growing segment of our population in our country. They have average income of only $476 monthly and assets that average around $3,000. We need to provide a means of keeping them able to live independently as long as possible.

The congretate housing program has been operated until now on a very small basis and only as a demonstration program. And we know that the Committee has supported the proposition to make this a permanent program and make it more than just a demonstration program. And we understand that the Committee is supporting appropriation of $10 million this year which will be considerably more and would permit the program to be expanded.

Senator, you asked that we comment on vouchers. I think we need to realize that the voucher and certificate programs work best in communities where, number one, there's a high enough vacancy rate that there are units available; and number two, where the rents that we are allowed to approve are high enough so the people could afford them.

Fortunately, in this community up until this time both of those factors have been present. We do not have high vacancy rates in privately owned housing and we do have fair market rents that are high enough so that is possible.

The down side to the voucher program, as I mentioned, number one, its only good for 5 years unless it's renewed.

Second, people can pay more than 30 percent of their income as rent. And in those cases where they do, that means their disposable income for other purposes is lowered by the amount that they are—to the extent they are paying more than 30 percent of income as rent.

In the 202 program, the numbers are exceedingly small. The average number of units in this State in recent years for the whole State has varied between 30 and 100 apartments a year. So the Section 202 program, because of the fact that the numbers are very small nationally, by the time it filters down to Nevada with our 1-

quarter of 1 percent of the total U.S. population, the numbers are very, very small.

This year I think the number is 40 apartments through the whole State. And that, of course, is not even a drop of sand on the beach in terms of meeting our need.

Also, innovative programs have been discussed. And the fact that city authority and ourselves have built two of the very few senior citizen mobile home parks in the country. I think there's another program which you may not be aware of in which we are involved in a minor way. There's a group called the Jaycee Senior Citizen Mobile Home Community that's been trying to get a program on now for about 10 years, and has been frustrated by various things. I know we've been involved 6 or 7 years and we are frustrated a little bit, I don't understand how they keep persisting.

The difficulty has been because of some issues raised by some other folks who alledged that some things had not been done properly. They are attempting to obtain land from the Bureau of Land Management for which the housing authority would serve as the landlord, because applicants must be public agencies, which we are perfectly willing to do. And we hope some of the legal probelms that have arisen and legal questions can be resolved. This is a group that's attempting to do something without public or Federal funding at all. They have marshalled resources over a period of time, they certainly appear to be able to do what they want to do, which is to develop a senior citizen mobile home park for the elderly. And I think we have to recognize there's a great need, since 20 percent of all the dwellings units in this county are mobile homes, not just the poor but everybody, and there's certainly a need for this kind of development. This is certainly an innovative program, it's a grass-roots program and its been supported by our Board of County Commissioners and they have charged the housing authority with doing whatever we can to help it succeed. And I know the county and the authority would certainly appreciate any congressional support that we could get for that program.

[The prepared statement of Mr. Cottrell follows:]

TESTIMONY PRESENTED TO THE SENATE SPECIAL COMMITTEE ON THE AGING - Las Vegas, Nevada

August 18, 1987

by

W. F. Cottrell, Executive Director
Housing Authority of the County of Clark

I. THE NEED - AND LACK OF ADEQUATE RESOURCES FOR - LOW-INCOME ELDERLY HOUSING.

Nationwide about one-fifth of all elderly households do not have access to adequate housing, either because of substandard housing conditions or because rents are such that elderly persons must pay disproportionate part of their income (more than 30%) for shelter. (The latter is the major condition faced by seniors in southern Nevada).

Based on 1980 census figures for Clark County outside the City of Las Vegas, and taking into account the actual population increase since that time (25%), there are 3,032 elderly households currently in need of rental subsidy, based on criteria established by the U.S. Department of Housing and Urban Development: (1) persons living in overcrowded dwellings, (2) units without complete plumbing facilities, or (3) households paying more than 30% of annual income as rent.

Assisted housing resources are very limited; Housing Authorities typically can provide assisted housing for only 20 to 25% of those who are income-eligible. We are now providing assistance to elderly households through these programs:

Hud-Assisted Multifamily Housing	No. of Dwellings Units
Conventional low-rent public housing	195
Section 8 Housing Assistance Payments (Existing):	
Existing housing (certificates) - private sector	383
Existing housing (vouchers) - private sector	36
Section 202 Elderly/handicapped (non-profit)	40
Total Federally-assisted	654

Additionally we provide non-subsidized housing to about 17 elderly families and provide rental spaces for 107 elderly owners of mobile homes. Even counting this assistance, we are helping only about 25% of the total number who need assistance.

Under current program requirements, assistance is basically restricted to those with incomes under 50% of the median income in the area. For elderly residents of public housing, incomes average $6,718 and rents average $107 per month; for those under the Section 8 program, incomes average $5,687 and rents average $82.00. These figures amply demonstrate that these programs are serving those most in need of housing assistance.

At the same time that our region of the country is rapidly increasing its elderly population, the administration (and Congress) have drastically reduced housing resources. Production of all assisted housing (elderly and non-elderly) has been cut by 70% in the past 7 or 8 years, and the total level of additional housing assistance (including Section 8 and other programs) has been cut from an annual level of 400,000 dwelling units to only about 65,000 for the next fiscal year (only 5,000 of which are for public housing development).

Types of Housing Assistance. Most housing for low-income persons is provided by either conventional public housing or the Section 8/202 programs. While conventional public housing is guaranteed to be available for 40 years, Section 8 certificates are limited to 15 years, and Section 8 vouchers to 5 years. A further problem with the Section 8 assistance programs is that it functions well only when (a) fair market rents for the area are adequate, (b) there is sufficient rental housing available, and (c) there is production of new rental dwelling units to offset those lost to the market.

The best guarantee that units will be available in the future is to construct them under the conventional low-rent or Section 202 programs. Most comprehensive studies also indicate that this is also the most cost-effective means of providing assisted housing, taking into account both initial and long-term costs.

If housing is to be provided through subsidy to private-sector housing, then it should be on a long-term basis. Even the 15 years provided under the Section 8 certificate program is minimal compared with 40 years under the conventional low-rent program.

II. SUPPORTIVE SERVICES FOR THE FRAIL ELDERLY.

In addition to the basic problem of inadequate levels of housing support, we are seeing an increasing need for support services to permit the elderly (particularly the "frail") to continue to live as independently as possible. It is estimated that 125,000 of the 500,000 elderly families in assisted housing nationwide may be vulnerable and at risk of institutionalization. In addition to permitting elderly to live in dignity and in safe and sanitary housing, such services are very cost effective. Evaluation of demonstration programs shows that the congregate housing services program for such supportive services typically has a cost of $8 to $10 daily, whereas the Federal cost (only) of nursing home care typically runs $40 per day.

Changes in the elderly population of public housing can be seen by taking a specific example. Our elderly development in Henderson (Espinoza Terrace) includes 100 apartments; it was opened for occupancy in 1973. At the present time - almost 15 years later - we have 20 of the original occupants living with us; however, over that time span their average age has increased from about 65 to almost 80. At the same time their needs for assistance have changed and yet we have no means of providing vital and essential supportive services to meet those needs.

The age 85-plus group is the fastest growing segment of the older population. These people are most vulnerable to physical, mental and social limitations leading to a need for care and services. This same age group has an average income of only $476 per month, and most have assets of about $3,000, meaning they will more likely become recipients of federal medical assistance. It makes sense to permit as many of these elderly as possible to continue to live independently, with supplemental health and home care services provided by local social service agencies.

These services should be expanded from the few demonstration programs currently funded to include additional housing authority and Section 202 elderly housing developments. We know that the Senate Committee on Aging has strongly supported the authorizations for this program in the Senate housing bill, and the committee is to be commended for this action. We hope that when the matter goes to conference with the House that appropriations in the area of $10 million or more can be approved, to permit the expansion of these vitally needed sevices.

III. SUMMARY. We need not only additional housing resources for our elderly, we need to have them guaranteed beyond the 5 to 15 year level provided by Section 8 assistance. Further we need supportive programs for that segment of the elderly population who are moving into higher age categories and need assistance to help them remain as independent as possible.

Senator **Reid**. That's a program that I followed for, it seems like 10 years, I think it's only been 9. Right now we understand that things are in good shape except for the Bureau of Land Management. When I get back to Washington we are going to work with them and see if we can speed that process up a little.

Mr. Cottrell, would you be kind enough to comment on your colleague's statement about the Brooke amendment?

Mr. **Cottrell**. Well, there's no question that the Brooke Amendment imposed some serious financial difficulties on housing authorities. And this is nothing new. That was, I think, 1971 that the Brooke——

Senator **Reid**. He was a Senator from Massachusetts.

Mr. **Cottrell**. Philosophically, I don't have any problem with the Brooke amendment at all; but practically it creates real financial probelms. We had just opened a new project at that time and our average rents were about $43 a month. After the Brooke Amendment our average rent was $3.10 a month. This was 16 years ago——

Senator **Reid**. What do you think the average rent is now in the same complex.

Mr. **Cottrell**. Probably $110, $120 a month.

Senator **Reid**. Which is 30 percent of the income of those people.

Mr. **Cottrell**. Yes.

Senator **Reid**. Bill, and I ask this also of Art, what do you do? I know it's a hardship on housing authorities. Let's assume that you could charge more and the Brooke amendment was gone. How would you decide what you were going to charge in the way of rent and what would happen? I think we would all acknowledge that you certainly do have people in your housing units that only make $300 and only pay $100 of that for rent. What do you do with that?

Mr. **Sartini**. Basically, I have no real problem with the Brooke amendment, except where you apply the formula and come up with say for hypothetical purposes, a $10 rent plus an allowance for utilities which in some instances is $35, $40, you end up paying the resident that $35 or $40. That's absolutely wrong. Everybody should have to pay something. The Government shouldn't have to pay families to live in public housing. And that's what's occurring in many housing authorities, causing dramatic financial problems.

Senator **Reid**. Let's talk about Nevada. Do we have any examples like that?

Mr. **Sartini**. Several. I'm sure Bill does also.

Senator **Reid**. Is that right? Do you have negative rents?

Mr. **Cottrell**. We have a few.

HUD mandated a number of years ago that we house a broad range of people in each of our developments, so we adopted rent ranges that says that certain numbers of people in specific income levels can live in each of our developments.

The important thing to remember in connection with that, in our particular case for our elderly, we have two conventional elderly housing projects. In one of them which is about 15-years old, our average cost is about $170 per unit per month. Our average rent paid by the resident is only $119. Now that difference of $54 has to be made up somewhere. We either have to cut costs or increase income. And the only other source of income is through the Federal operating subsidy that we receive.

Senator REID. That is the purpose of the subsidy.

Mr. COTTRELL. That's the purpose of the subsidy.

In our elderly, as in all of our projects, we do have rent ranges. And what it means is we have to discriminate against the poorest of the poor. We cannot have everybody come in only paying $15, $25 a month when our costs are $170 and the Federal Government subsidy is only about 30 percent of that total.

There's no free lunch. And consequently, everybody that's in there is income eligible.

Another difficulty is that Congress has imposed on us in recent years an upper level of 50 percent of the median income, whereas in the past we could go up to 70 percent of the median.

Senator REID. Explain to us what that means.

Mr. COTTRELL. What that means is if the median income in this metropolitan area for two people is, say, $22,000, I'm not sure if that's the actual number, we can only let people in who make up to $11,000; whereas in the past we could have let people who were maybe up to $13,000 or $15,000. If we have some of those people, they, in effect help subsidize the ones at the very low level whose income is only $3,000 or $4,000 or $5,000.

Senator REID. But with each one of those you put in, you knock out some of the poor.

Mr. COTTRELL. Yes.

Senator REID. What is the answer?

Mr. SARTINI. My answer would be go back to the basic minimum rent we had when this program started.

Senator REID. Let's assume——

Mr. SARTINI. If you had an individual come in that met the income requirements, they would be charged a minimum rent based on bedroom size.

Senator REID. We don't have the facilities to provide here in——

Mr. SARTINI. Senator, we have not had a housing bill for the last 6 years. So this housing authority has had to be innovative and decided to go in another direction.

Excuse me. You mentioned we are the first two agencies in the country to build mobile home parks for seniors. Those living in the parks are paying sufficient rents to meet operating cost. Space rents are $150 a month; there's no subsidy.

We just built another senior project, 43 units, they are renting for $200 a month. It's a high rent but it serves the moderate income senior. The Federal Government has no similar program.

Senator REID. I understand that we have a lot of statistics that indicate there are a lot of elderly who are poor, for lot of reasons. They may not get Social Security, some minimal amounts, their husband's die.

All the programs I've heard you and Bill talk about, including doing away with the Brooke amendment, don't help those people.

Mr. SARTINI. We are only helping 10 percent of those families in our area who are in need. That means 90 percent are surviving on their own.

All I'm saying is if the Government would allow housing authorities to charge a minimum rent, many more families could be helped.

Under the Brooke amendment the Government never makes up the difference. It's like Bill indicated, between 119 and 170, somebody has to eat. So many housing authorities only house those families that can afford to pay higher rent.

Senator REID. But the 10 percent, to use your language, the 10 percent that we are helping now, that figure would decrease.

Mr. SARTINI. I think it would decrease substantially.

Senator REID. But that's not good, is it?

Mr. SARTINI. I'm sorry. It would increase.

Senator REID. Where is——

Mr. SARTINI. We go out and find the funds in some way to build these units. We go to private enterprise, we build facilities that generate sufficient revenue for operation. We borrow from local lending institutions at tax exempt rate. Valley Bank has been very cooperative. We just borrowed $5 million from them to build 43 units, and we built a 20,000-square foot senior center that's going to be operated by the State. It will accommodate every senior citizen's service that you can think of.

This was accomplished without Federal subsidy. That means somebody has to pay the tariff. We have a debt to service.

All I am saying, senior are willing if they are able, and we've found that majority of them are able. There's a lot of adverse conditions that you have described, but the fact of the matter is, in 6 years the Government has not been able to help much.

Senator REID. Do you think we should do away with the Federal programs?

Mr. SARTINI. If it were up to me I would allow housing authorities to operate independent of HUD. I have been in housing 30 years, I started with the Housing Authority of San Joaquin, I came to Las Vegas as assistant director. Initially subsidy was not a factor. Income from rent was sufficient to meet your operating cost. The Federal Government has become so involved in the day-to-day operation, they forgot about those families who can't get in. The families in public housing have the best of both worlds.

Senator REID. Bill, let's hear your comments about whether or not we should do away with all Federal subsidies.

Mr. COTTRELL. The answser is no. I've known Art a long time and we agree on most things but some things we don't.

"There ain't no free lunch." If you're going to provide housing for low-income people there has to be a subsidy from somebody at some level. The Federal Government has tried the interest subsidy program. Public housing has been around longer than any other program. And although I may be prejudiced, but I think in the long run it's the cheapest and most effective way. But the only way you can operate it is with some kind of operating subsidy. If we are not going to serve the very low-income people, then you do do away with subsidies. If we are going to serve particularly the very, very poor, there has to be a Federal commitment, there has to be Federal funding.

There are a very, very few States who provide similar kind of programs through State appropriations. You can count them all on probably one hand. Most States do not have the resources. It is a national problem and the Federal Government recognized that in 1947. This is the 50th anniversary of the Housing Act of 1937 that created what we commonly call public housing.

There's been a Federal commitment for that period of time. In the last 6 or 7 years the current administration has tried to get away entirely from that commitment. And we've heard about the cuts and you will know the cuts have taken place.

Senator REID. Do you have in your own mind an ideal form of assisted housing?

Mr. COTTRELL. I think it needs to be housing for a long-term commitment. Like the 40 years that's tied in the public housing and in the section 202 program. I think there needs to be sufficient operating subsidy in whatever form to make it feasible to house the low income. And I think that subsidy needs to include the kind of services so that people can live independently. And the point has already been made by several people that you can do this much, much more cost-effective than warehousing people in rest homes.

Senator REID. I really appreciate——

Mr. SARTINI. Unless housing authorities are innovative and creative, they are going to go down the tubes like Boston, Chicago, Washington, DC, Los Angeles. I'm not just picking names out of a hat. When you get in a situation where you have a Federal judge has to operate a large housing authority like Boston on a day-to-day basis you're in big trouble.

Senator REID. Don't you think, Art, that it's more difficult for some of the housing authorities in places like Chicago, which are old and——

Mr. SARTINI. We all operate under the same regulations.

Senator REID. You think they could be as innovative as housing authorities in areas like Las Vegas?

Mr. SARTINI. If they are not they are not going to survive.

Senator REID. Let me ask this. Let's be more specific. What do you think of the voucher program?

Mr. SARTINI. I think it's an excellent program. I have no trouble with it whatsoever. An indication, for every voucher we've received we have five residents waiting to accept that voucher. The vouchers go out of our office as fast as we get them. I just checked with staff, we have 127 vouchers, we don't have any available. It's being utilized very, very well.

Senator REID. The testimony we heard yesterday, and to a much lesser extent today, is that some of these people are so desperate they will use anything available. But you wouldn't agree to that?

Mr. SARTINI. I wouldn't agree.

Senator REID. Bill, tell me why Clark County Housing Authority hasn't been innovative.

Mr. COTTRELL. I think that Art has been fortunate in having an old war-time project that he was able to realize some money from the freeway extension and development of Maryland Parkway, which give him some operating capital. I think we have been innovative. We have the second mobile home park in the country.

Senator REID. Who owns the mobile homes?

Mr. COTTRELL. They are owned by the individuals.

Senator REID. How many people can afford to buy a mobile home?

Mr. COTTRELL. All these people meet the income limits. Since there's no subsidy, that project is operated under State law rather than HUD regulations.

Again, this was a unique situation. We had some land that a casino wanted to buy and most States don't have casinos, so people that ask us how we did it, first of all you've got to get gambling legalized in your State.

That was a unique thing, we were able to realize $1,100,000 and we were able to receive from the country $400,000, including $300,000 in community block grant programs.

We also have attempted to utilize every program that's been available, sime of which have not been successful but our attitude has always been, "We'll try anything once." I think as I indicated earlier, our success with the voucher program is primarily due to the fact that the fair market rents in this area allowed by HUD are very, very high. They were increased an average of $75 to $100 per month last year. And we also have a vacancy rate in our private sector of between 6, 8, and 10 percent. So there are a lot of hungry landlords out there that are willing to rent at the rates we are willing to pay.

Mr. SARTINI. One thing about the voucher program that I haven't heard mentioned today. Once an individual receives a voucher and is in a unit for 1 year, they can take that voucher and go anywhere in the United States.

Senator REID. And apply it toward rent?

Mr. SARTINI. Yes. But that voucher is good anywhere in the country once they have been in that unit 1 year.

Senator REID. Let me ask both of you this question. Do you think in relation to housing there should be some type of means test?

Mr. COTTRELL. Well, there is. The means test is basically income. It's basically an income limit.

Senator REID. That would apply to mobile home units also?

Mr. COTTRELL. Yes.

Senator REID. What about doing away with utility allowances? How would that work in the units that the two of you have?

Mr. COTTRELL. Somebody has to pay those costs.

Senator REID. Let's talk about utility services. Take James Downs. Do you have the average costs of utilities in a facility like that?

Mr. SARTINI. It's a wholesale rate and you don't have meters. So you couldn't charge if you wanted to without doing extensive study to determine what the costs really are.

Mr. COTTRELL. All of our units are individually metered. We are fortunate in that respect, because that way the resident pays for what he or she uses. We pick up the water and sewer service charge, residents pay the gas and electricity. They get an allowance, but the allowance in this case is based on actual usage by those residents in that development, which is about as equitable a system as you can have.

But again, there isn't any free lunch. If you don't pay for it one way you have to pay another way. And housing authorities only have two sources of income, rents paid by residents and subsidy which is provided by the Federal Government.

Mr. **Sartini**. All I'm saying, Senator, if you're going to adopt all this legislation and continue with the Brooke Amendment, all I say is fund it. If you fund it we've got no problems.

Senator **Reid**. I think that is the crux of what we've heard here today. We have to set priorities in this country, determine whether we are going to help the poor seniors with housing or spend it on, as one witness said, another aircraft carrier. That's the decision we'll have to make.

I appreciate your testimony.

As I indicated earlier, we have two witnesses unable to be here, Assemblyman Morse Arberry and Irene Porter.

These issues will be examined further on the State level during the next 2 years.

Also Thalia Dondero is stuck in a County Commission meeting of some kind and sends a note that she won't be here. Her written testimony will be made part of the record.

[The prepared statement of Ms. Dondero follows:]

U.S. SENATE SPECIAL COMMITTEE ON AGING
AUGUST 18, 1987

COMMISSIONER THALIA M. DONDERO

THANK YOU FOR ALLOWING ME A FEW MINUTES TO ADDRESS THIS COMMITTEE RELATIVE TO ELDERLY HOUSING ISSUES.

THIS IS CERTAINLY OF GREAT CONCERN TO ME IN TERMS OF HOW CLARK COUNTY DEALS WITH THIS ISSUE.

1987 FIGURES ARE NOT YET AVAILABLE TO REFLECT THE ENORMITY OF THE PROBLEM, AND FOR THE MOST PART, WE ARE USING 1980 STATISTICS.

BUT THERE ARE MANY INDICATORS THAT DO TELL US THAT BEING ABLE TO PROVIDE THE LOW- AND MODERATE-INCOME ELDERLY WITH ADEQUATE, SAFE, AFFORDABLE HOUSING IS GETTING MORE DIFFICULT TO DO EVERY YEAR.

NEVADA IS A LARGE, GROWING STATE IN TERMS OF AN INCREASE IN THE NUMBER OF ELDERLY.

IN 1980, APPROXIMATELY 35,000 PERSONS OVER THE AGE OF 65 RESIDED IN CLARK COUNTY. THE FIGURE FOR THE WHOLE STATE OF NEVADA FOR 1980 IS OVER 65,000.

CLARK COUNTY IS SUPPORTING ABOUT 55% OF THE OVERALL POPULATION IN THIS AGE GROUP, AND REFLECTS AN INCREASE IN THE NUMBER OF ELDERLY.

MANY SURVIVE ON FIXED OR EXTREMELY LOW INCOMES. IN CLARK COUNTY, OF THAT 35,000, 7,500 ARE LIVING IN POVERTY.

THE NUMBER OF ELDERLY HOMEOWNERS IN CLARK COUNTY APPROXIMATES 15,300, WHICH CALCULATES OUT TO BE LESS THAN 50%.

THE NATIONAL AVERAGE FOR ELDERLY HOMEOWNERS IS 75%, PLACING CLARK COUNTY 25% BELOW THE NATIONAL PERCENTAGE.

THIS WOULD INDICATE THAT PEOPLE IN THIS AGE GROUP ARE MOVING TO CLARK COUNTY, BUT ARE NOT PURCHASING A HOME FOR ONE REASON OR ANOTHER.

WITH THAT MANY PEOPLE NEEDING TO LIVE IN SOME TYPE OF RENTAL UNIT, WE HAVE TO ASK OURSELVES IF ENOUGH UNITS ARE INDEED AVAILABLE AT AN AFFORDABLE RENT, AND IF THEY ARE LOCATED IN DIGNIFIED, SAFE, AND WELL-MANAGED AREAS.

THE MOST ADEQUATE UNITS WOULD NOT ONLY MEET THIS CRITERIA, BUT WOULD ALSO BE LOCATED IN AREAS WHERE MEDICAL AND OTHER SERVICES ARE READILY AVAILABLE.

MANY OF OUR INDICATORS TELL US THAT THERE ARE NOT NEAR ENOUGH UNITS BEING BUILT TO MEET THE NEED.

THERE ARE OTHERS WHO WILL DELVE INTO THIS PROBLEM MORE FULLY BEFORE THIS COMMITTEE AND WILL PROVIDE SOME OF THE FIGURES AVAILABLE, SO I WILL TALK A LITTLE ABOUT THE SERIOUS NEED FOR RESOURCES TO ASSIST IN THIS AREA.

THE DEVELOPMENT OF NEW RETIREMENT COMMUNITIES IS OFTEN CITED AS AN ALTERNATIVE; HOWEVER, RETIREMENT CENTERS ARE NOT AFFORDABLE TO MANY OF THE ELDERLY.

ASSISTANCE MUST COME FROM THOSE ENTITIES WITH THE DOLLARS TO BUILD AND MANAGE ELDERLY UNITS WHICH MEET THE STANDARDS AND CRITERIA DEEMED NECESSARY.

MANY OF THE FEDERAL PROGRAMS GRANTING DOLLARS TO LOCAL GOVERNMENTS AND HOUSING AUTHORITIES TO ADDRESS THIS NEED HAVE BEEN SEVERELY CUT BACK OR ELIMINATED.

IT IS BEING RECOMMENDED BY A FEDERAL PANEL THAT HOUSING FUNDS APPROPRIATED BY THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR THE ELDERLY BE CAPPED, LIMITING THE NUMBER OF HOUSING UNITS THAT CAN BE FEDERALLY ASSISTED.

A LIMIT OF $517 MILLION IS NOW RECOMMENDED TO FINANCE THE HOUSING FOR THE ELDERLY OR HANDICAPPED PROGRAM.

THIS IS EXPECTED TO PROVIDE FOR ABOUT 10,000 HOUSING UNITS - NATIONWIDE.

CLARK COUNTY ALONE NEEDS MORE THAN 3,000 ADDITIONAL UNITS THIS YEAR.

THE COMPETITION FOR THESE DOLLARS WILL BE FIERCE, AS IT IS FOR OTHER FEDERAL PROGRAMS SLATED FOR ASSISTANCE TO VARIOUS COMMUNITY PROGRAMS.

OTHER FEDERAL PROGRAMS WHICH MADE MONIES AVAILABLE FOR DIVERSIFIED USES THAT COULD BE SPENT FOR ELDERLY HOUSING ASSISTANCE, SUCH AS REVENUE SHARING, HAVE ALSO BEEN ELIMINATED. THIS SHIFTS THE BURDEN BACK TO LOCAL GOVERNMENT TO FIND MORE AND MORE DOLLARS TO FUND THE SERVICES AND CAPITAL EQUIPMENT ONCE FUNDED BY THESE EXTRA MONIES.

AS THE FEDERAL DOLLARS DIMINISH, THE RESOURCES AVAILABLE TO PROVIDE THIS ASSISTANCE DIMINISH. BUT THE NEED CONTINUES TO EXPAND AND AFFECT MORE AND MORE OF THE ELDERLY POPULATION, NOT ONLY IN NEVADA, BUT NATIONWIDE.

THIS IS AN AREA THAT CANNOT CONTINUE TO BE IGNORED.

IF WE - AS CLARK COUNTY, AND THE CITIES, AND THE STATE - ARE UNABLE TO SUPPLEMENT OUR RESOURCES WITH FEDERAL DOLLARS, THE ELDERLY IN NEED CONTINUE TO SUFFER THE CONSEQUENCES OF THIS DILEMMA.

IT IS IMPERATIVE THAT HELP BE FOUND -- AND BE FOUND QUICKLY.

I URGE THOSE AT THE STATE AND FEDERAL LEVEL TO MAKE EVERY COMMITMENT POSSIBLE TO FIND MORE FEDERAL AND STATE DOLLARS TO ASSIST IN THIS VERY CRITICAL AND FAR-REACHING PROBLEM.

I AM GREATLY CONCERNED FOR THE WELFARE OF OUR SENIOR CITIZENS IN CLARK COUNTY, AND ESPECIALLY FOR THOSE IN NEED OF SPECIAL ASSISTANCE.

OUR HOSPITALS AND NURSING HOMES ARE OVERCROWDED, AND MOST OF THE ELDERLY CANNOT AFFORD ANY KIND OF LONG-TERM EXTENSIVE HEALTH CARE IN AN INSTITUTION.

OUR WELFARE LINES ARE LONG AND THE AVAILABILITY OF WELFARE DOLLARS SHORT.

MANY SENIOR CITIZENS HAVE NO ONE TO LOOK AFTER THEM AND HAVE TO FEND FOR THEMSELVES, OFTEN IN SUBSTANDARD, UNSAFE CONDITIONS.

MANY TIMES THE REASON FOR THEIR PLIGHT IS THE ONSET OF A DEBILITATING ILLNESS OR INJURY WHICH USURPS ALL THEIR SAVINGS AND AVAILABLE FUNDS.

CATASTROPHIC HEALTH INSURANCE IS NEEDED NOW.

MEDICAL AND HEALTH CARE INSURANCE IS NOT AFFORDABLE OR AVAILABLE TO THEM, AND MEDICARE AND MEDICAID DOES NOT PAY THE FULL BILL.

LOCAL GOVERNMENTS SUCH AS CLARK COUNTY, WHICH HAVE STATE REVENUE AND EXPENDITURE CAPS, CANNOT PAY THE BILLS, RESULTING IN FINANCIAL HEMORRHAGING OF OUR COUNTY HOSPITAL, DUE TO LOSS OF REVENUES.

THE ELDERLY HAVE THE RIGHT TO LIVE OUT THEIR REMAINING YEARS WITH DIGNITY, IN SAFE, CLEAN, AND AFFORDABLE LIVING QUARTERS, AND TO ENJOY THE AVAILABILITY OF SERVICES THAT THEIR TAX DOLLARS HELPED TO PAY FOR DURING THEIR WORKING YEARS.

WE IN LOCAL GOVERNMENT RECOGNIZE THE PROBLEM AND ASK FOR ASSISTANCE TO HELP THE ELDERLY FIND SUITABLE HOUSING.

THANK YOU FOR THE PRIVILEGE OF SPEAKING BEFORE THIS COMMITTEE AND GIVING ME AN OPPORTUNITY TO ADDRESS THIS VERY IMPORTANT ISSUE.

Senator REID. Until the hour of 4:15 o'clock if, in fact, we have that many people interested in speaking, we would ask people to come forward. You have 2 minutes to speak so everyone has an opportunity.

I have here at the front Rachelle DesVaux. If you would give your name so the court reporter can take it down, we'll listen to what you have to say. You have 2 minutes.

STATEMENT OF D.C. LANSING

Mr. LANSING. I'm the secretary of the Las Vegas Jaycee's Senior Citizens Mobile Home Community who have been trying to build the senior citizens mobile home park for the last 9 years. Julian's on our staff. And right now the situation is that we are stuck because BLM has gone back on their word. Today's "Housing the Elderly: A Broken Promise?" Yes, it is. In our case BLM gave us approval for this land in 1981. And then we had to go into court because there was a local mobile home park owner who was a California resident, who didn't want us to have our senior citizens park. And it just got out of court and BLM says I don't think we should give you the land after all.

Senator Reid says when he gets back to Washington he's going to find out about this and he's going to let us know.

Senator REID. If I can interrupt one second—this Jaycee's project has been going on so long, when it first started they only allowed men in the organization.

STATEMENT OF JODI WALLS

Ms. WALLS. I'm Jody Walls, I'm involved with the senior mobile home park. This has been an excellent example of a bureaucracy that is really fouled up. This is something you could really put your teeth into, Harry. There's no reason why this should continue any longer. Nine years is a long enough time.

Judge Roger Foley in the Federal Court agreed that this is a viable program and we have the opinion that he rendered in December. And now we have this other roadblock. And it's unfortunate that this has occurred. But this is what we are talking about and this is a very important program to 500 mobile home spaces. That's a substantial number of people. And that's what we are here for. Thank you.

Senator REID. I think, in fairness to the Federal Government, not all of this has been the fault of the bureaucracy. A lot of it has been the courts.

STATEMENT OF MARIAN SMITH

Ms. SMITH. My name is Marian Smith and I'm with the National Council of Senior Citizens. But I don't know whether I'm really speaking for them or not.

But I'm here because I wanted to take some notes. I am just concerned about the seniors that are not here. And those seniors that are not here are those that don't have transportation and don't have a place to live. And if you think there aren't many of our senior citizens out there, you ask Julia over here, who works with the Catholic worker who gets up every morning to take food out to these people.

I also know there are senior citizens where I go out there by Sunrise Mountain. They don't have transportation. We are in real need of having transportation in this town. A senior loses her independence when she can't go to the grocery store and can't buy her own groceries. And can't go to the doctor.

Another thing, I know seniors are alarmed about some of these mobile homes that some developer has come in, is going to take over. I'm sure most of you know. And other seniors that live in mobile homes are afraid of the same thing. I know the ones up by Sunrise Mountain, there's concern that this is going to happen to them and they have lived there all those years.

As I said, I'm talking about the people who are really, really in need of housing and hunger, they are not here today because nobody cares about them. And that's the way they feel, that society has given up on them.

One other thing that I wanted to say. My daughter is a Ranger up in the northern part of the State and she said mother, you wouldn't believe the people that come in that have lost their homes, families. And so many senior citizens. And the things that are happening to them. She said they can only stay 2 weeks and they must leave.

I said what would you suggest? And she said it would be wonderful if, while they were waiting for some sort of housing, if they couldn't have one park in the northern part of the State and one in the southern where they could wait, where they would be cared for and could care for each other.

STATEMENT OF SIDNEY TANKEY

Mr. TANKEY. My name is Sidney Tankey. I'm a member of at least a half dozen or more senior organizations and also on the Political Education Committee of the Council of the Nevada Veteran's Organizations, which is also represented by our Chaplin, Reverend Miller, will you stand up and say hello.

I want to thank Senator Reid. I think you done a tremendous job. He was an excellent Congressman, also a very excellent Senator. And I think we owe him a vote of thanks for having our interests in mind in Washington. We owe him a vote of thanks. And we did a very wonderful thing, I'm very pleased that we sent them Congressman Bilbray, who I think is for the people. He did a tremendous job up there and I hope he remains in Washington in the best capacity to represent us.

Del Peterson, who is the directress here, is very interested in the seniors. She's dedicated to the seniors and doing a wonderful job of making this place available in the programs she has here. We owe her a vote of thanks, she has done a great job. So is Suzanne Ernst representing us doing a wonderful job as the State Commissioner on Aging.

I want to synopsize quickly because I don't have much time, but my heart is pressed, I see the problems of my fellow seniors and it isn't just a matter of housing. That's only one small part of the package because it involves transportation, it involves senior ailments, ripoffs by the medical establishment. Putting it all into one package we have to have an opportunity to be able to live decently, they owe it to us. First of all we do pay taxes as well as everyone else and our tax dollars are spent in very many different ways. There's a gasoline tax, millions of dollars for transportation. It's going to Washington but it doesn't go to our housing. We have local taxes. All the money, the budget that the Governor had indicated. The fact is, the Governor said we have $3 billion State budget. Two-thirds of it is for construction and one-third is for education. Where is the part of construction that's for senior housing.

Thank you.

STATEMENT OF ASSEMBLYMAN JANE WISDOM

Ms. **Wisdom**. I'm Assemblyman Jane Wisdom, and I'm here to commend you, Senator Reid, for all that you're doing in this effort.

I'd like to say I'm the only legislator in the 1987 legislation that introduced bills for the homeless. We have one bill that has passed. But during that hearing we heard that 10 percent of the homeless were seniors in the northern part of the State and between 15 and 20 percent of the homeless in the southern part of the State are seniors. We have a critical problem and it's not going to go away and we are addressing it as fast as we can.

During the National Conference for State Legislators there was a workshop on housing. And it's a critical problem in many, many States. And we were all working on it. And many of the solutions they are suggesting are mobile homes and a few other things that were discussed today.

I have two solutions to suggest. We have areas such as the Eighth Street Hospital, we have the Indian school in Carson City. Those areas are not enough but at least they are housing and could give those people that could not afford the 30 percent housing during the time. Thank you.

STATEMENT OF RUBY GARLAND

Ms. **Garland**. My name is Ruby Garland and I'm the Commissioner for the Aging. And also I am the minority spokesperson for AARP.

Thank you, Senator Harry Reid, for allowing us this time.

What I'd like to talk about is Section 8. Being Commissioner, a lady contacted me because she's having difficulty getting a place to stay. And I was able to take her to the housing authority and she secured this Section 8 certificate and she's very happily located. And if she doesn't like the place she can move it.

Also, Senator Reid, I want to inform you that there will be a health bill coming up in the legislation, Senate Bill 1127, and AARP would like you to support it because it is a health bill on catastrophic illness.

Thank you for the time.

STATEMENT OF HENRY SILVA

Mr. **Silva**. My name is Henry Silva.

Distinguished guests and audience.

I would like to make some observations of the previous speakers and if we would summarize we would see it's one of sadness. So I would like to make some observations and put some humor in it. We deserve it, right.

First of all, last June I turned 68. Entitles me to call myself senior citizen. But I do not call myself senior citizen. I call myself person of advanced age. Why do I call myself person of advanced age? Anyone who is younger, I'm more advanced. Why am I older than someone younger? Because I lived longer than someone younger.

The other observation I'd like to make, probably some of you know carbon 14 is able to date probably up to 100,000 years, minus and plus 100,000. 85 years ago there was some people, our ancestors, who lived in caves in Spain with drawings of bisons and all kind of animals. They showed they can reflect upon things. They were aware they were aware.

Why do I mention that? We have one of—they lived in caves. But somehow through rationality they found out the place was not good enough for them. They have to improve it. So we are the ancestors, because they got out of those caves.

Now, one of our speakers mentioned an elderly coupled lived behind Montgomery Ward. They had their own piece of land, nobody could evict them from there. But they did not have the tools to build themselves not a shelter but a cave. If they could build themself a cave probably somebody could help them. They could survive.

Quickly, another observation about a house.

We are United States, not just States. That means the Federal Government should help every State which needs some help. They have to.

Anyway, what I want to say, the housing which anybody thinks to build for any standard of housing should be built with recreational facilities. Because I met people 80 years old still play tennis. I play tennis.

Thank you.

STATEMENT OF ED BURGESS

Mr. **Burgess**. My name is Ed Burgess, I'm a private citizen and I appreciate Senator Reid being here, and I've written to him several times and he's always been faithful in answering. And I'd like to urge each of you to write your Congressman, Senator, State legislator to have this committee now that's meeting on housing, and you should get your throughts through to those people.

Yesterday I called a State retirement fund office and they tell me that the Nevada State Retirement Fund has $2.5 billion in reserve for city, county, and State employees. Since this retirement fund has been created by employees that are paid by us, the taxpayers, can the citizens of Nevada vote for a constitutional amendment that would designate up to 25 percent of this retirement fund for investment in subsidized low-cost housing that would be built on city, county, State, and federally owned land?

If you would check into this you would find that the majority of this fund is being spent in Wall Street for investments and everything else, and probably very little of it is being spent in the State of Nevada. And I think it's time that some of these be kept in our State and some of those funds go toward low-cost housing.

The shortage of low-cost housing is a local grassroots problem and should not involve our Federal Government that continues to operate on a budget deficit which forever raises the national debt. Right now our national debt is around $2 billion and they are paying $150 million a year in interest on that. Can you imagine how much low-cost housing—it would be the answer for the whole United States of America if that interest could be spent on that. So low-cost housing is one of our main problems right now for our senior citizens. And I hope each one of you will really get interested and that you'll use the mind that God has given you and you'll keep that mind active and write letters and write to our Congressmen and State Assembly and State Senators and tell them about these problems and let them know. And not only tell them to vote for something, but come up with ideas as to how they can solve these problems.

Thank you very much.

STATEMENT OF FRANK SEIBERT

Mr. SEIBERT. My name is Frank Seibert. I'm a member of the Silver State League of Mobile Home Owners comprising 150,000 homeowners throughout the State of Nevada. I'm a member of the Political Action Committee, which, incidently, Senator, was happy to endorse you for office and will be happy to endorse you again.

I'm the editor of their magazine. Consequently, I follow their problems very, very carefully. Our members are confronted by unjustifiably escalating rent increases for the spaces of the parks where they live throughout Nevada. And in an effort to control this situation, we endeavored to pass or have passed a mobile home commission bill this year. Unfortunately, some legislators, haunted by the spectre of rent control at the time, made it impossible to vote the bill out of committee and consequently we do not have that bill, that law, this year. But I assure you all that the Silver State League is not stopping its efforts, is escalating its effort to get such a commission established as soon as possible. And we call upon you, Senator, to lend the service of your office as much as possible to establish this commission.

Now, as several representatives have heard before or made reference to Section 8 funding. None, I assure you, none of the mobile home owners that belong to our league can be covered by Section 8 funding, simply because they pay $185 and consequently come out of the realm of coverage.

That is something that must be corrected certainly. And a great deal of attention has been given to the need—thank you very much.

STATEMENT OF WILMA RODGERS

Ms. RODGERS. I'm Wilma Rodgers and I'm 83-plus. And I lived in mobile homes for 20 years and I was very anxiously waiting for the Jacyee Mobile Home Park. I worked with it since it started 9 years ago. You talk about people waiting 10 years, I've been waiting 9 years so I gave up and moved into senior housing. So I hope we get 1,511 spaces for senior citizens in the Jacyee Mobile Home.

Thank you.

Thank you, Senator.

STATEMENT OF JOSEPH REICEZK

Mr. **Reicezk**. I'm Joseph Reicezk, I'm a senior citizen. I was born in 1919. Some of you realize that's a "Notch" year. And, Senator, I'm sure you know what that means. This young lady wouldn't know what it means.

I sent you a letter years ago and you sent me a letter back. I understand it came up again. I hever read what happened to it. Could you possibly enlighten us.

Senator **Reid**. The Notch Bill has not yet passed. Claude Pepper has been the moving force behind this and even with the weight of this man, with a lot of help, we haven't been able to get it out of the two committees, the House Ways and Means Committee and Senate Finance Committee. We hoped during this Congress we'll get it changed.

As you know, there's a group of people born between 1917 to 1921 that are treated differently with respect to Social Security. We are going to try and get that changed.

I want to take this opportunity to tell everyone who's been faithful and strong to sit through this hearing how much I appreciate it. This has been a very good hearing. There have been some controversial things raised. We have heard from representatives of the Aging Committee in Washington, HUD in San Francisco, and other witnesses both here and in Reno. We have really prepared, I believe, a good record, something that we can take back to Washington that tells the Nevada story. And that' why I'm here—so that we can tell the Nevada story in Washington.

It's clear that the seniors have problems with housing. There's no question about that. It's clear that the senior poor have extreme problems with housing. We didn't come up with all the answers here today. As you can tell, even among those who work in the housing authorities themselves, there's disagreement about what should be done. There has not been a housing bill in the past 6 years. There's been nothing that has come from Washington to help the Bill Cottrells, Gus Ramoses, the Art Sartinis of the world to work their way through the process and try to help.

In fact, Art Sartini said forget about the Federal Government, I don't think we are going to get anything anyway, we have to try something else. I'm quite certain he's not right. Something will come from the Federal Government. Whether it's enough to stop other housing authorities from going bankrupt only time will tell. But I have no hesitation in announcing to each of you that the title of my hearing, "Housing the Elderly: A Broken Promise?" was an appropriate title for this hearing.

Thank you very much.

[Whereupon the hearing was concluded.]

APPENDIX

MATERIAL RELATED TO HEARING

Item 1

AGING IN PLACE:
THE DEMOGRAPHICS AND SERVICE NEEDS OF ELDERS IN URBAN PUBLIC HOUSING

THE STUDY: A survey of 100 administrators of large PHAs
A survey of site managers and elderly service providers in 25 cities
Descriptions of programs and projects in 23 cities

MAJOR FINDINGS:

- One-half of elder households live in family or mixed developments; over one-third are in unmodified family units.
- Elders in family developments are less likely to have key safety and security systems and some kinds of services: intercoms or door buzzers, overnight staff, on-site health services, buddy system or other means of "checking up".
- Many PHAs are more flexible about retaining current residents who develop service needs.
- A few PHAs actively recruit frail elders; others--abut 30 percent--explicitly use staff resources to keep current residents who have become frail.
- Two factors seem to be major incentives to develop service programs for elders: vacancies in elderly units and increasing frailty among elders who are "aging in place". A creative, enthusiastic individual is often the key.
- About half the PHAs do not regularly collect any information after application about elders' health, functional abilities or service use and needs.
- Transportation, homemaker services, alcoholism treatment, friendly visitors, and social/recreational programs were most often listed as unmet needs.
- Lack of adequate need assessment data was a major barrier to building service programs; also transportation, coordination.
- Service providers overestimate PHAs' resources: staff, staff training, services provided, etc. This may often lead them to underestimate the needs of elders in public housing.

TO ORDER REPORTS OR GET FURTHER INFORMATION: Contact Bill Holshouser, Citizens Housing and Planning Association, 7 Marshall Street, Boston, MA 02108, tel. (617) 742-0820.

6.0 Summary of Findings and Policy Implications

The body of this report has provided extensive information about elder residents of public housing in the United States. Demographics, assessments and opinions of administrators and service providers, and program descriptions have been presented in an effort to learn and to report as much as possible about this part of our population. This chapter summarizes the most important findings and attempts to put them in perspective.

Because our sample includes only large urban public housing agencies (PHAs), our findings may not be directly applicable to all public housing in the United States. For example, these large PHAs tend to have a higher proportion of family housing relative to elderly housing than is typical among smaller PHAs. Nevertheless, the 100 PHAs in our sample operate roughly 45 percent of all public housing units in the United States, and serve at least 30 percent of all elderly public housing residents. Our findings are thus directly applicable to a very large number of elders living in public housing in the U.S., and can provide helpful information about others through careful generalization.

This chapter discusses the meaning of the research and conclusions that have been presented throughout this report. The first part of the chapter summarizes major findings. The second part discusses their policy implications.

6.1 Major Findings

A. Demographic Characteristics of Elders in Public Housing

- Elders in public housing are more likely than other elders to live alone.

About three-quarters of all elderly households in urban public housing contain only one person. The average household size is 1.3, compared to 1.76 in the elderly population in general (Statistical Abstract of the United States, 1986, Table 58).

- Fifteen percent of the elderly households had at least one disabled member.

- About seventy percent of the elder-headed households had incomes between $3,000 and $6,000 per year. Only about one-quarter had incomes over $6,000. Only about five percent had incomes over $10,000 per year.

- The elder-headed households in urban public housing were heavily dependent on Social Security, and to a lesser extent on SSI. Very few--10 to 15 percent--had either wage income or private pension income, according to managers' reports.

- These heads of households are predominantly white, with approximately 60 percent falling into this ethnic group across most PHAs. New York City is a notable exception, with almost twice as many black households as white. Including New York, whites make up 46 percent of the total population, blacks 43 percent, Hispanics nine percent, and all other ethnic groups only about one percent.

B. Exit Data

- About 15 percent of the elder residents in these PHAs left public housing during the past year. Of these, about 40 percent died; about one-quarter moved to nursing homes or other care facilities; another quarter moved in with family or moved to other independent housing.

C. PHAs' Willingness to Accept or Retain Elders with Service Needs

- Most PHAs will not accept new applicants who must rely on PHA staff to arrange for services. Many more PHAs are willing to retain current elderly residents with the same level of need. However, there are many PHAs which require all elders to be capable of completely independent living.

Only about 10 percent of the PHAs will admit elderly applicants who will have to rely on PHA staff to provide or arrange for services. About 60 percent admit applicants with service needs if they are able to make arrangements without PHA assistance. Fully 30 percent say they will not admit applicants who are not completely cabable of independent functioning.

However, about 30 percent of the PHAs will retain current residents who need PHA help to arrange necessary services. Some 10 percent require complete independence on the part of current residents as well. The remainder will retain residents who need help if they or others can arrange for the needed services.

About half the elderly developments and some 20 percent of the family developments reported operating under formal policies about retention of residents. The others do not. Anecdotal information, however, shows that some PHAs without formal policies nevertheless have well-developed practices which come into play in this situation. In general, lacking stated procedures, the responsibility falls to site managers to gather information and decide what to do.

At about 20 percent of the developments, PHA staff are routinely involved in hospital discharge planning for hospitalized residents. About 20 percent have stated policies concerning holding units for hospitalized residents. At the remainder, involvement in discharge planning is apparently rare, or at least sporadic, and holding units is left largely to the manager's judgment.

D. Differences between Elderly and Family Developments

- Over one-half the elderly households served by urban PHAs live in family developments or mixed family/elderly developments rather than all-elderly/handicapped developments. Over one-third live in family units rather than in units built or modified for elderly use.

Our survey of 100 large PHAs counted a total of 204,080 elderly households in housing owned and managed by these PHAs. (This does not include units leased under the Section 8 Existing Housing Program or similar leasing programs.) Of these households, about 48 percent live in elderly developments in units especially built for elderly or handicapped residents; 15 percent live in units built for the elderly but located in mixed family/elderly developments; and 37 percent live in unmodified family units located in family developments.

There are roughly 1.1 million elderly people living in public housing in the United States--about four percent of the nation's population aged 65 and over. If estimates made in this report are extended to the full public housing population, roughly 693,000 of these elders live in units built for the elderly and the remaining 407,000 live in units and developments built for family occupancy.

- Elder residents living in family developments are less likely to have many safety and security devices that are routinely provided in elderly developments, and are also less likely to have access to some important types of services.

Most family units lack amenities and modifications such as emergency buzzers, wheelchair access, and handrails in units. Such amenities are present in most specially built elderly units. However, few PHAs modify family units in which an elderly person happens to live. Further, elders living in family developments--even those living in specially built units--are less likely than residents of elderly developments to have such services as a working intercom or door buzzer system, paid overnight staff on site, a system for checking that a resident is OK each day, or any type of health or medical facility on site.

- Elderly residents in elderly developments are somewhat older, on the average, than elderly residents in family developments.

About 42 percent of the elders living in elderly/handicapped developments were over 75 years of age, and about 14 percent were over 85. In family developments, about 31 percent were over 75 and six percent were over 85. This probably reflects two realities of public housing administration. (1) Because higher proportions of residents moved in about the same time and have aged in place together, average age has increased in elderly developments in a more patterned way than in family developments. (2) Because family developments tend to be less barrier-free and less service-enriched than elderly developments, residents are probably forced to move out more often when they become less able to live independently in this environment.

- About 11 percent of elderly households in elderly developments have lived in the development for 15 years or longer. The comparable figure for elderly households in family developments is 43 percent.

Residents of elderly developments cannot move in until they (or their spouse) are 62 or older. By contrast, elders rarely move into family units unless they have specially built elderly units. The elders who live in family developments therefore tend to be those who moved there earlier with their families, and who continue to live there after their children have grown up and moved out.

E. Other Characteristics of Elderly Developments and Units

- About 70 percent of elderly developments were built between 10 and 25 years ago. However, almost half the households living in these developments have been in residence less than five years.

This finding shows that there is quite a bit of turnover in elderly developments, and thus counterbalances the earlier finding about aging in place. In fact, both phenomena appear to be true. Because most elderly developments were built and first rented up between 1960 and 1975, many of them still have a "cohort" of original residents who have aged together. However, as these original residents have left, they have been replaced by others. If it is true that younger, healthier elders are most likely to apply for these units and to be accepted by the housing authority, this means that incoming residents will probably be younger, on average, than departing ones.

Thus, the phenomenon of many elder residents growing older simultaneously is a temporary artifact of the timing of federal subsidy programs, not a permanent fact of life in public housing. Nevertheless, PHAs cannot ignore the phenomenon. Current residents are almost certainly more frail than they were a decade ago. A decade from now, current residents may be comparatively less frail. But it is today's residents who must be served today. Interestingly, because of the needs of their present tenants, some PHAs are developing the capacity to accept frailer, more dependent residents in the future.

- Most elderly units are one-bedroom. About one-quarter, however, are zero-bedroom or efficiency.

Elder households in public housing are overwhelmingly one-person. Unit sizes reflect this pattern: 69 percent of the units occupied by these households are one-bedroom, and only four percent are two-bedroom or larger. About 27 percent are zero-bedroom or efficiency. In addition to being less pleasant, more confining living quarters, eficiency units can be a problem when elder residents confront health crises that require temporary live-in help from a friend or relative. If there is no place for such a helper to live, the resident may be forced to move to a nursing home or other such institution because of the unit size, where otherwise he/she could remain in the unit with assistance.

- Most elderly developments are moderate in size. About half contain 50 to 150 units; 17 percent have fifty units or less; only 3 percent have more than 400 units.

Congregate facilities that were originally built or rehabilitated as congregates tended to be quite a bit smaller than general elderly developments. Congregates may be separate developments. However, they are frequently separate facilities contained within a larger elderly development. To the extent we were able to do so, we have only included free-standing congregates in the figures cited above.

- The term "congregate housing" is used to refer to a wide variety of situations in which some aspect of shared living is present.

"Congregate housing" is a term that is frequently used by PHAs to describe some elder housing. However, it is used so inconsistently throughout the country that no one meaning can be assumed without further inquiry. The most common use seems to be to designate developments that receive funding from HUD's Congregate Housing Services Program (CHSP) demonstration to provide some services to a portion of the residents--e.g., 30 households in a building which houses 200. In general, this program does not pay for extensive redesign of living spaces, but for services which add an element of support to residents' lives. In most participating developments, this seems to be regular group meals--one meal a day in some places, one meal on certain days of the week in others. Some other services such as homemakers or personal care may also be funded by CHSP.

Some states have their own programs. In Massachusetts, for example, "congregate housing" refers to specially built developments which incorporate shared living in architectural design. Designs vary, but in general residents have private bedrooms and share other spaces--baths, kitchens, living rooms, and so forth.

Cooperation between state housing and elder service agencies provides funding for services as well as construction. Prospective residents are carefully screened to determine their willingness to live in a congregate setting and their compatibility with current residents. Developments tend to be small and strive to maintain a balance between older and younger, and between robust and frail residents. New York state has a similar "Enriched Housing" program, combining funding for re-design with funding for services. New York requires residents to contribute a large proportion of their income in order to insure the provision of services which will allow the residents to remain until they need actual nursing care.

Some PHAs are also developing programs which combine services with housing which they describe as "congregate facilities." We have heard it used, for example, to describe a development in which mutual responsibility was emphasized by management, and in which an active resident council and resident volunteer program were the primary resources. Others are organized to deliver extensive formal services, from meals and transportation to 5-day-per-week home care and specialized social services.

This report has included data on developments described as "congregate" by PHAs, but, because the concept lacks cohesion at present, these data do not come together to constitute particular findings. The movement toward more congregate facilities of any type, however, implies attention to elders' service needs, and is therefore an encouraging sign.

F. Information Collected by PHAs about Elderly Applicants and Residents

- About half of the PHAs surveyed do not regularly collect any information about elderly residents' functional level, medical histories, or service use or needs (beyond what is collected at the time of application).
- Both development managers and community service providers agree that the lack of an adequate needs assessment is a major barrier to identifying and meeting residents' service needs.

Fewer than 10 percent of responses by managers to questions about services and needs were based on needs assessments or other data. About half the managers said that reliable information about these matters was not available. In the absence of regular information about residents' status and needs, managers must rely on a variety of irregular sources--home visits during annual recertification of eligibility, contacts between residents and PHA staff, complaints from other residents, and the like.

C. PHA Service Provision

- PHAs provide some services directly or through contracts with provider agencies in about half of all elderly developments and about 30 percent of family developments.

- About 20 percent of the PHAs say that no services or referral are available except on an emergency basis in elderly developments. About 28 percent say the same for family developments.

- In most PHAs (81 percent), managers are expected to play some service role, especially in emergencies. In about half, managers are routinely involved in services.

- Only about 40 percent of the developments appear to have on-site tenant services staff provided by the PHA; some 60 percent appear to have access to service staff who work out of the central administrative office.

- About one-half to two-thirds of managers have received some training in dealing with elders and their needs.

- Service providers seem to overestimate the extent to which PHAs provide services to their elder residents, the availability of on-site service staff, and the extent to which PHA staff are trained to help elders.

Throughout the survey, community service providers were much more likely than PHA managers or administrators to report that the PHA was meeting some need of its elder residents. This perception can lead providers to underestimate the need for outreach in public housing developments as well as the importance of taking the initiative in developing programs for residents.

Needs for Assistance

- Respondents estimate that 15 to 25 percent of elders in public housing suffer from social isolation, that similar percentages suffer from mobility impairment, depression, and memory impairment, and that some 10 percent suffer from alcoholism.

- Respondents estimate that one-fourth to one-third of these elders need help with transportation, shopping, caring for their units, and/or social and recreational activities. About 15 percent need help with meal preparation, getting out of their apartment, or with health care or medications.

Services Provided and Unmet Needs

- A high proportion of developments have some services available, used by some residents: meals-on-wheels, homemaker services, visiting nurses, transportation, social/recreational programs, case management or counseling, and so forth. Anecdotal information leaves the impression that such services may often reach only a few residents, however, leaving a large share of need unmet.

- About one-fourth to one-third of these elder residents appear to receive social/recreational and transportation services currently. Fifteen to 25 percent receive congregate meals, homemaker services, visiting nurses, health screening or clinic of some sort, friendly visitors programs, and counseling or case management.

The percentage of residents receiving some services is as high as respondents' estimates of the percentages that need them. However, as noted below, this does not preclude the existence of a sizeable unmet need for the same service. A transportation service, for example, may be available to all residents of a building, those who need it as well as those who do not, thus raising the percentage of those who are reported to have access to such a service. In a building which lacks a transportation system, however, those who need the service will be reported cortrectly as an "unmet need".

- Transportation, homemaker services, alcoholism treatment, friendly visitors, and social/recreational programs were most often listed by respondents as major unmet needs. In addition, meals-on-wheels, congregate meals, visiting nurses, health screening, and counseling or case management were cited as unmet needs by at least half of all respondents--managers and service providers.

- Major barriers to adequate service delivery included lack of good need assessment data, services unavailable in the community, lack of transportation to reach services, and need for more coordination and outreach.

- Several characteristics of the elders themselves were also cited as barriers--fear of dependency, emotional or physical impairments, and income too low to pay for services delivered for a fee.

This finding emphasizes the need for outreach to elders who cannot take the initiative to seek out services and for transportation for those who cannot reach a delivery site without assistance.

H. Variety of Approaches to Service Provision

It is evident from survey responses and program descriptions that PHAs throughout the nation are facing unprecedented demands for elder services, and that a variety of programs are developing in response to this demand. The primary factors behind the demand appear to be declines in social service and medical funding at the federal level, increasing average ages and increasing frailty among elders in public housing, and vacancies in elderly housing in some cities. These factors will be discussed at greater length in the section of this chapter which deals with policy implications.

Most PHAs appear to deal with elders' service needs on an *ad hoc* basis. Problems come to the attention of other tenants, maintenance or clerical staff, or the building manager, if any. In some PHAs--about 60 percent of those surveyed--the manager has access to tenant services staff to help solve these problems. In the others, the manager must usually try to solve the problem without such help. (This is also generally true in small PHAs in our experience, but our data are only from large authorities.)

Chapter 5 reported on programs or program components in 23 authorities which go beyond an *ad hoc* approach. Others were reported to us, but these best exemplify the range that came to our attention. About eight percent of the PHAs surveyed had large-scale, comprehensive programs linking assessment, staff involvement in service access or delivery, a wide array of services, and well-defined rules for making occupancy decisions in a systematic manner. About the same number had programs that appeared to meet the same description except that they were smaller in scale or more informally defined. Thus, *fewer than 20 percent of the PHAs had developed systematic approaches combining provision of a variety of services with clear procedures for deciding about eligibility for occupancy and for services*. Several others had developed service components, some of them quite ambitious, which address particular problems faced by elder residents.

As these examples illustrate, PHA responses to aging in place cover a wide range of possibilities, all rational and defensible approaches to a difficult set of circumstances. *Some PHAs choose the role of housing provider to healthy, independent elders*. These PHAs will set high standards for elderly applicants, accepting only those who can live independently. They will also be vigilant about current residents who are developing problems involving increasing dependency. When such problems reach a defined level, the PHA's response will be to initiate a process which leads to the resident's moving to alternative housing.

Some PHAs take a very different approach, and have developed sets of procedures aimed at keeping elders in units even after problems develop. A few go so far as to recruit and accept applicants with major problems requiring services. *Some of these PHAs have developed facilities in which varying levels of care can be offered*. This permits them to place a new tenant in an appropriate setting and lets them offer flexible levels of care to current tenants who are undergoing a crisis or who are becoming increasingly frail. Such PHAs tend to employ significant numbers of trained services staff and service planners, and also tend to be involved in coordinated programs with local elderly service providers. Several PHAs have taken the initiative in developing comprehensive approaches to the needs of their elder residents. However, the more specialized services tend to come from various community resources.

Most PHAs fall between these two extremes, and probably nearer the first than the second. However, many do not have consistent procedures which specify either approach. In fact, many appear not to have consistent sets of informal practices, either. In these PHAs, what happens will be driven more by circumstances than by PHA policy or direction. If a need arises, either individual or aggregate, the PHA or the manager of a particular development may attempt to deal with it in some way--perhaps by starting a special program. If an opportunity arises--for funding or for cooperation with a provider agency--the PHA or the manager may well take advantage of it. We did not make a systematic study of why or how special projects were begun, but many look like responses of this sort to immediate needs or opportunities.

I. Importance of Creativity and Enthusiasm

We were struck by how often PHA respondents credited the creation and ongoing viability of a program to the enthusiasm and hard work of an individual or a small group of people. In a situation in which regular funding is rarely available in adequate amounts, many programs have come into existence by cooperation with other agencies, obtaining volunteer services, using the residents themselves in creative ways, and doing planning and fundraising through informal alliances. Creativity and enthusiasm cannot be brought into being as easily as voting in a new board policy, but they can be taken into consideration as key criteria when staffing decisions arise.

6.2 Policy Implications

The findings presented in this report have many implications for federal and state policy, for local housing authority administration, and for agencies which provide services to elders. This chapter draws out some of those implications and makes recommendations based upon them.

A. The Need for A Broad Policy Dialogue about Elders in Public Housing

The most glaring finding of this research is the widespread lack of effective attention to elders in urban public housing. In almost one-half of our random sample of developments, managers were unable to refer us to a local elder service provider familiar with the development and the service needs of its residents. Either there were no visible services being delivered, or the managers did not know about them.

These elders represent concentrations of need and service opportunity. Public housing often presents a situation of easily documentable need, a concentration of eligible clients, and space available at no or low cost--an ideal configuration, it would seem, for an agency seeking to serve elders in a justifiable and cost-efficient manner. In fact, examples in Chapter 5 make it clear that services focused on elder residents of public housing can often become resources which serve other elders scattered throughout the larger community.

Why are these opportunities not seized more often? Two primary reasons stand out: (1) *lack of communication between PHAs and service agencies*, and (2) *lack of assigned responsibility for these elders and their non-housing needs*. *In part, this is due to a lack of policy definition at the federal and state level*: such responsibility has neither been assigned nor funded, except in a few states. *It is also due to a simple lack of communication at the local level*. Our examples show many instances in which local PHAs and service providers have been able to develop needed programs and projects despite the lack of direction from higher levels of government.

Two recommendations follow from these observations.

Congressional Hearings

First, *Congress should conduct hearings at the national level which address the needs of this population of elders*.

The hearings should be designed to reach an understanding of the people, situations, and needs described in this report; to clarify responsibility for services to these elders among HUD, HHS, and other relevant federal agencies; and to explore funding levels necessary to meet the needs that exist.

It is our hope that many needs can be met without massive increases in funding, simply by making more efficient use of available resources. It is our conviction, however, that the responsibility of federal agencies for dealing with these issues can only be remedied by an explicit statement of the will of Congress, or by a cabinet-level interagency agreement.

Massachusetts offers a partial model. There, cooperation between the state offices of Communities and Development and Elder Affairs have created a situation in which funding is available and responsibility for service coordination is clearly assigned, at least for state-sponsored congregate housing. Federal hearings should explore the possibility of a similar working relationship for federally sponsored housing.

Mayor Should Take Responsibility at the Local Level

We recommend that the mayor in every large city convene a meeting between his/her PHA, Council on Aging, Area Agency on Aging, and any other relevant groups.

It should be clear that the purpose of such a meeting is not talk but action--active cooperation among agencies in assessing the needs of elders in public housing and in developing ways for those needs to be met. It is appropriate that the mayor, as chief administrative officer of a city, take this initiative. This can make it clear that the needs of elders are a high-priority matter, and impart an imperative to the issue that is absent when agencies simply get together at a lower level to discuss possible cooperation.

The following recommendations present issues which should be discussed at such a meeting.

B. Components of A Model Approach

As long as federal and state policies are unclear and funding is fragmented, there will be no definitive way to address the needs of elders in urban public housing. Given the variety in local resources and situations, even a well-defined state or federal program will probably best be implemented in very different ways in different cities.

There is thus no one "best model" to follow. There are, however, obvious components which any model should include. They include the following:

- Consistent policies adopted by the PHA and followed by staff, including planning for aging in place
- Staff training consistent with PHA policies
- Regular information gathered by the PHA about elders' functional abilities and needs
- PHAs given responsibility and resources for needs assessment and service planning
- Services coordinated at the case level
- Needed services delivered by the agency in the best position to deliver them
- Family involvement
- Unneeded services eliminated
- Particular attention to needs of elders in family developments
- Immediate attention to some problems of safety and security that can be solved at low cost to the PHA

The following recommendations expand these points.

We recommend that PHAs think through and adopt specific policies with regard to elder applicants and residents, and that these policies be followed uniformly and consistently.

Most PHAs, on paper, require the residents to be able to live independently, or to arrange for their own services. Most, however, go on to make many exceptions to this requirement. We suggest that Executive Directors and boards consider the PHA's willingness and ability to house frail elders. Such consideration might lead, for example to a decision to accept a certain number or percentage of frail applicants--with subsequent attention to services that they need to live in public housing. Or it might lead to a decision to use a building or part of a building for "supported living" for frail elders--either newly accepted applicants or current residents who need more assistance with daily life.

We recommend that training be offered staff who deal with elder residents, in acordance with their roles and responsibilities.

A PHA with many elder residents will gain by having an "elderly specialist" on staff. This person should be trained in several aspects of gerontology, including functional assessment, alcoholism, understanding elders, and working with elder service organizations. He/she then becomes a resource to train other staff.

Managers should be given training in understanding and dealing with elders and in handling typical management situations that are likely to occur. It is important, for example, for the manager to be able to document a problem--to know when and how often incidents have occurred, who witnessed them, how neighbors have been impacted, and so forth. Such documentation is critical in deciding upon and justifying a course of action, whether it be looking for more support from family members, calling in services, or eviction.

Clerical and maintenance staff need to be "sensitized" if they are in frequent contact with elders. They should know when and to whom incidents or unusual behavior should be reported. They should also know how to be helpful without being kept from their work in inappropriate ways.

We believe that PHAs should collect information regularly about their elder residents' functional abilities, service use, and needs.

This report has shown that most PHAs do not collect information which allows them to assess needs adequately. This fact has effects which ripple through all other aspects of PHA policy in this regard. Collective needs cannot be identified, hence appropriate services or funding cannot be sought; managers and other staff cannot be trained to deal with the situations they face; policy cannot be formulated in an informed way.

Further, managers and service workers (if any) will only learn about individual residents' needs on a hit-or-miss basis, as crises occur or complaints come in from other residents; and when they hear of a problem, they will not have information about the resident's history or the service providers with whom he or she may be in contact already.

Such information can be collected directly by the PHA, at application and annually (or when crises occur) thereafter. Or it can be collected jointly with other agencies. The most elaborate example in our study is the PISCES Project in Akron: here, an assessment of functional ability and needs in other areas is done by one agency, with the results available to many others in the community, including the PHA. There are also policies in effect for joint review by the PHA and by elder advocacy agencies in cases where an assessment impacts the person's ability to live independently in a public housing unit. (See Appendix D.)

Examples that could be adopted more immediately by a PHA acting alone include home visit forms developed in Mobile (Appendix F) and High Point (Appendix K). Appendix M presents forms developed in Boston for managers to use with current residents, annually and when a hospitalization or other crisis occurs.

The PHA might collect such information itself, or this might be done by subcontract with a service agency. Annual reinspection and recertification can be a very logical time for the PHA to gather information. However, some managers warn that residents may fear that their continued residence will be threatened if they divulge information that implies they cannot live independently. The result could be heightened anxiety for all residents and inaccurate information for the PHA--obviously an outcome to be avoided.

In general, we believe the PHA should be able to take the initiative in assessing needs and planning services for its elder residents.

This implies funding, perhaps in proportion to numbers of elder households, for PHAs to gather ongoing information about elder residents--characteristics, functional status, services received, and additional services needed, at a minimum--and to bring other agencies together to develop cooperative programs. PHAs should be free to decide how best to do this in their own situations--e.g., through staff positions, consultants, subcontracting with local service agencies, and so forth.

Responsibility for service coordination at the case level might be lodged either with the PHA or with a service agency; but there should be coordination.

Service providers' standard procedures usually treat clients as individual cases, not as members of a definable group. PHAs, by contrast, must consider residents in groupings--by floor, by building, by development, by area, or citywide. When providers are able to share the PHA's perspective, innovative approaches often result. Homemaker services can be offered to a building, for example, rather than to isolated individuals. A coordinator can then assign services in a way that takes advantage of economies of scale. Rather than one hour each to X, Y, and Z, the coordinator might assign ten minutes to X (who needs help taking medications), 90 minutes to Y (who needs help with meal preparation and bathing) and one hour to a shopping trip for X, Y *and* Z. Or one part of a building can be set aside for frail elders who need assistance of various types, and the services arranged through cooperative planning with the appropriate agencies.

At present, neither HUD nor HHS provide funding for coordination of this type. Each agency tends to assert that the other should do it. This impasse leads to wasteful use of tax money and, often, to premature institutionalization of elders.

The intent of such coordination should be efficient use of resources. This implies that the coordinator should be able to contact all elder service agencies, convene meetings about individual cases or general problems, and have a recognized channel for making recommendations to housing management and PHA administration. This, in turn, implies at least a formal understanding--probably a contract-- with the PHA. The coordinator might well be on the staff of a service agency and paid, at least in part, by the PHA. Or he/she might be a member of the PHA's staff.

One reason to suggest a coordinator who is not on the PHA staff is to avoid any built-in incentives for elder residents to keep frailty or needs secret. If residents fear that reporting increased dependency will lead to their eviction by the PHA, rather than to help, the coordinator will be unlikely to learn much about needs.

In general, it is probably ideal for service providers rather than the PHA to furnish actual services. However, there are many exceptions to this guideline.

Examples in Chapter 5 of this report illustrate the variety that is possible and the flexibility that is desirable in this regard. Some services, such as security, are most often provided directly by PHAs. Others, such as medical services, are usually provided by others. Between these extremes, however, there are many examples of service delivery based on availability of funding and other resources, opportunity, or simply on desire to serve. Local programs tend to evolve to suit local circumstances--and this is often best.

Offering services that are not really needed can create unnecessary dependency. Such services should be eliminated and elder residents encouraged to be as independent as possible.

PHAs that choose to offer or facilitate services for elders should be careful to avoid the implication that they (or their elder services coordinator) are there to solve all the residents' problems. As with anyone else, it is best for elders to solve their own problems when they are able to do so. It is also important to a sense of self-worth. Offering unneeded help can convince residents that they are less able than they thought to take care of themselves. This is not in anyone's best interest, either PHA or resident.

Family involvement should start before a crisis develops, if possible.

When elder residents become frailer, temporarily or permanently, the manager will often want to inform the resident's family (if any) and secure their support and help. This process is easier, as every manager knows, if the family is willing to be involved and if the manager knows whom to contact and how to reach them.

In St. Paul, "sponsor statements" may be required of a resident's family or other sponsor in situations where the PHA anticipates possible need of their assistance. (See Appendix J.) In effect, sponsors promise to help in specific ways, or if called upon in the future. This gives the PHA the names, addresses, and telephone numbers of people who have agreed in advance to help a specific resident. Such an agreement can make the PHA willing to accept or retain a tenant who would otherwise be denied a unit.

A less formal approach would include information about potential "helpers" in the information gathered at application and annually thereafter about each applicant and current resident.

Particular attention should be paid to elders living in family developments

It has been noted throughout this report that a sizeable minority of elders in urban public housing live in family developments, not in developments and units especially built for the elderly and handicapped. Often, these residents have lived in their units for years and have seen their families grow up and move away.

These residents often face safety and security problems not confronted by elders in traditional elder developments. Buildings may not be equipped with elevators, wheelchair ramps, guardrails, door buzzers, security provisions, or on-site staff to call upon in emergencies. They are less likely to have staff present overnight and on weekends. Elders may be (or feel) threatened by other tenants or visitors.

It is easy for these residents to remain invisible until some emergency occurs. It is better for the PHA to identify them and their particular needs.

Some basic changes, especially those related to safety and security, can and should be made immediately at low cost.

In a report entitled *Aging In Place: Support Plans for Elders in Public Housing*, Susan and James Stockard recommended nine basic needs that most PHAs could meet quickly and, for the most part, for little money. These include

- A reliable security system
- A working intercom system
- An emergency response system
- After-hours coverage
- Recreational and service space
- Attractive, centralized sitting space
- Adult day health
- On-site recreational and activities programs
- Training programs

The Stockards' recommendations are found at greater length in Appendix N below. They offer a good starting place for the PHA which wishes to examine its policies, facilities, and procedures, and perhaps to move toward affording its elder residents a greater opportunity to age in place in public housing.

Item 2

SCP
SENIOR COMPANION PROGRAM
Sponsored by Catholic Community Services of Nevada

1501 Las Vegas, Blvd. No.
Las Vegas, Nevada 89101
(702) 385-5147

July 30, 1987

To Mary Ann Smith:

One of the greatest problems our seniors face is the lack of adequate transportation. I would guess that 80% of our unfulfilled referrals involve transportation needs. Although the EOB Bus provides medical transportation, the number of seniors requesting rides outnumbers the existing service. Many seniors are so handicapped and need to be accompanied and/or assisted, that this bus service is inappropriate for them. Grocery shopping, clothes shopping, getting prescriptions, getting a haircut--all become impossible tasks for seniors without transportation. Our bus system is too limited, taxis are too expensive, and walking is too exhausting and dangerous.

Another problem our seniors face is the availability for services to assist disabled seniors in their homes. Granted that Clark County Social Services and Nevada State Welfare provide homemaker services, the client must meet financial guidelines stipulated by those agencies and even then are put on waiting lists as the need exceeds the demand. This leaves a good number of seniors without homemaker services or having to pay dearly to a private agency for these services.

Also, with recently discharged hospital patients, there is a need for 'hands on care'. Home health agencies can provide extended medical care under Medicare for a short time. As soon as Medicare runs out, services are pulled and the senior, not fully recovered, still has needs with bathing, changing, moving, eating, etc. that, unless he can pay privately, are not available.

Custodial care is also a critical need in our senior population. Mental disabilities (Alzheimers, OBS, etc.) often result in confusion and physical disabilities (strokes, arthritis, etc.) can result in lack of mobility. Seniors with these problems need 24 hour care just to perform their normal daily living activities. In many instances, 1) there is no caregiver living with them, 2) the caregiver must work outside of the home, 3) the caregiver himself needs respite for his own well being. Eventually these patients find themselves in a nursing home although not appropriate candidates for nursing home care. The family bears the financial strain and ultimately, when resources are drained, the taxpayer bears the cost.

As previously mentioned, some of these problems are being addressed. EOB provides day care services and some transportation; CCSS and NSW have a homemaker program; Senior Companions provide custodial care and some transportation. But these are only 'band-aid therapy' as it were, and, with our senior population growing so rapidly, we will soon be caught in a tidal wave of need. Most seniors are willing to pay for these services if they could be offered on a realistic scale.

While there are many other unmet needs (health care costs, adequate housing, mental health assistance, nutritional needs, etc.) those mentioned above are the problems most often encountered through this program and are, I think, the most critical.

Thank you for allowing me to express my opinion.

Marion Unis, Program Director SENIORS HELPING SENIORS

Item 3

NEEDS OF SENIOR CITIZENS IN SOUTHERN NEVADA

The priority needs of those seniors whom I interviewd was in the area of "transportation". One loses his or her independence when one can no longer drive. Unless one has an immediate friend or relative who can drive and who has the time to drive, one is really in a bind. Such necessary trips as going to the Docotor or hospital, or even going to the grocery store, can really be a problem to seniors. The transportation provided by EOB is inadequate and not available on short notice. One suggestion would be to provide subsidized taxi service -- allow each senior so many trips a month at a reduced price. Most seniors are not affluent and need such consideration.

Since there is a long waiting list of seniors to get into senior, subsidized housing, we can only assume that this is a real need.

Sister Marilyn Ingram
7-30-87

Item 4

THOUGHTS ON THE NEEDS OF SENIOR CITIZENS

PREAMPLE: In American society, older people are not given the respect and consideration generally accorded them in most other cultures more aware of their dignity and sensitive to their needs. While accumulated years are no guarantee of wisdom, a senior generation has nevertheless a heritage of experience and tradition of enormous value to the development of a nation. While such intangibles cannot be legislated, they can be inculcated through example, education, the fostering of a sense of values which places more worth on a full human life rather than on a full bank account.

SOME NEEDS OF SENIORS:

--good, extensive, affordable health care. Help in catastrophic situations is necessary too, but a solid program of both preventive and curative health care is essential.

--Home nursing and home rehabilitation services should be both extended and improved. Many older people could manage to remain at home but securing adequate home care is out of the question for them financially.

--Safe, affordable housing. Many older people must wait years until something becomes available for them. There is a scandalous inadequacy of decent housing for older people in a modest income bracket.

--Senior Day Centers. The number of these centers should be increased and located in many neighborhoods so as to be easily accessible.

--Senior diet must be improved. Nutrition standards are often too low. There are too many fatty foods and sweets, too little vegetable, whole wheat breads, etc.

--Transportation should be more extensive, more easily available.

NOTE: Lack of money is the usual excuse for not implementing the above suggestions and others like them. In reality, it is not the lack of money in what is still the richest country in the world. It is lack of concern, of understanding, and too often, of justice. It is also, and principally, a matter of misplaced priorities. Our military budget has soared to such an exaggerated proportion that we have even condemned future generations to a terrible burden, yet human beings are our greatest natural resource. In this situation, the elderly are already suffering inexcusable neglect.

Rosemary Lynch, O.S.F.

Item 5

DOROTHY J. KIDD SENIOR CITIZEN PARK

This 107 space mobile home park for senior citizens is dedicated in appreciation of the service of Dorothy J. Kidd as a member of the Board of Commissioners of the Clark County Housing Authority since February 1982 as well as for her many other contributions to the Southern Nevada community.

The community center of this park is named in honor of Manuel J. Cortez former Chairman and a member of the Clark County Board of Commissioners, for his enthusiastic support and assistance in the effort to develop assisted housing for senior citizens and particularly for his efforts in connection with this park.

At the dedication ceremonies on Thursday, March 8th, which was grand opening of the Dorothy Kidd Senior Citizens Park at 5380 East Flamingo Road, Commissioner Cortez told how this park came into being. He said that a little white-haired lady by the name of Lillian Stanley and a friend of hers approached him with this idea. From that day forward he was beseiged by visits from this very determined lady to have a park built for seniors. And after much debating and conferring with Housing Authority executives and other members of Clark County, Manny was instrumental in providing both the $100,000 in county general funds as well as the $302,000 in Federal Community Development Block Grant Funds which were essential to assure development of the Clark County senior citizen mobile home park.

This 107 space mobile home park for senior citizens is a different approach towards solving the problem of safe decent and affordable housing for moderate income families. Over the past 40 years, since the Authority was created in 1943 to administer World War II housing projects in southern Nevada, the Authority has participated in a variety of federally aided programs, some operated directly by the Authority and others involving use of privately owned housing in the private rental market.

This mobile home park is the first "joint venture" between the Authority and the County of Clark and the first project to provide housing other than rental apartments. It is a response to the need for many senior citizens of the area who own their own mobile homes and live on fixed incomes which preclude renting or buying mobile home spaces in many of the privately-owned, for-profit mobile home parks.

The Housing Authority provided 15 acres of land (valued at $750,000) and development funds of $1,300,000 obtained from the sale of surplus land purchased by the Authority many years ago. The joint efforts of the County of Clark and the Authority have created a well-planned and fully developed mobile home park for 107 senior citizens as well as a multi-use community center and most importantly with space rental costs within the means of those on fixed incomes.

Art Espinoza, Chairman
Clark County Housing Authority

****

We, who are now residents of the Dorothy J. Kidd Senior Citizens Mobile Home Park, wish to extend our warmest thanks to all of you who worked so diligently to make this "dream" come true. We are very happy that so many of you were so concerned about our welfare. And to Lillian Stanley we say "Thank You" a million times for your dogged determination in being the originator of this marvelous plan. We hope that many more parks of this nature will follow these first footsteps.

****

Housing Futures Analyzed

SENIOR'S MOBILEHOME VILLAGE
170 KOONTZ LN. SUITE 115
CARSON CITY, NV. 89701

Senior Housing...

The attached case study eloquently tells the success story of VANTAGE GLEN, forging another link in the developing concept for meeting the serious housing problems facing the senior citizen population.

Deep cut-backs in federal housing subsidies made it necessary to develop this new and innovative utilization of Housing Authorities as a vehicle to create housing that is needed to prevent the fastest growing segement of the population, the low income senior, from becoming a PUBLIC HOUSING PROBLEM and to lead the way to SELF HELP rather than tax supported assisted housing.

Seniors Mobilehome Village, Vantage Glen, Rulon Earl and Dorothy Kidd Parks are guideposts examples of the successful way to meet the crisis in senior citizen housing. Each of these projects has its own unique characteristics, and yet the common thread of participation by a non-profit housing authority and the all important SELF SUPPORTING END PRODUCT make them the wave of the future. . . .

The blueprint for success is clear for those who would read it, understand it and accept the responsibility for being in the vanguard of the solving of Social Problems in a cost effective manner.

Vantage Glen— An Advantage for Low-Income Seniors

How can a public housing agency provide detached, single-family homes for one-half the per-square-foot cost of traditional, multifamily construction? The King County Housing Authority in Washington State has found a way with Vantage Glen, an attractive, well-landscaped community for low-income senior citizens located 15 miles southeast of Seattle.

The answer is manufactured housing, and Vantage Glen will provide high-quality manufactured homes to 164 low-income senior citizen couples and singles, all of whom earn less than 80 percent of national median income. While community residents meet the income requirements for deep subsidy Section 8 and Public Housing Programs, Vantage Glen required only a $3,500-per-unit, Community Development Block Grant subsidy.

Development Formula

The new project owes its success to a number of factors, according to Bob Davis, construction, planning and development manager for the King County Housing Authority. The agency located and purchased a 44-acre site with Community Development Block Grant funds from the county. The land—located on a major mass transportation route and close to shopping and medical facilities—was rezoned under the county's Residential Mobile Home Park Ordinance.

A land planning firm prepared a community plan featuring 82 multisection and 82 single-section homes on small stub streets that promote a greater sense of neighborhood than the traditional grid pattern, Davis said. Vantage Glen provides a secure living environment while allowing residents to enjoy the independence, privacy and dignity of a single-family, residential neighborhood.

The cost-saving design features of narrower streets and greater density are offset by concrete sidewalks, rolled curbing and excavated foundation pads that are backfilled once the home is installed. The result is a look much like any other single-family community.

Construction of Vantage Glen was financed with tax-exempt bond anticipation notes from a private lending institution. The actual construction took ten months and included roads, sidewalks, sewer, water, storm drainage, a 3,500-square-foot community recreation clubhouse, entry wall, mail kiosk and recreational vehicle parking. The total development costs (including land purchase) were $1.66 million, or $10,133 per unit.

Affordability Factors

A variety of other factors also contribute to Vantage Glen's affordability, Davis noted. Public ownership of the land by the nonprofit, tax-exempt authority keeps rents low and insulated from market conditions. The $150-a-month rent is currently $50 less than other manufactured home communities in the area.

Working directly with home manufacturers, the authority operates a sales office with eight models in the community. Qualifying seniors can select their lot and order their home with an entire package that includes home, carport, matching shed, concrete path, concrete walks, exterior lighting and landscaping. They also are free to purchase their home from an independent retailer if they prefer.

A typical multisection home of 960 square feet with two bedrooms and two baths costs just under $30,000 from the housing authority. The authority has dictated strictly the types of homes and amenities permitted in Vantage Glen, Davis noted. "A well-designed and well-maintained community can remain as attractive as any comparable single- or multifamily complex if such requirements are enforced," he added.

Finally, the housing authority developed a loan guarantee program with a local bank to provide affordable financing on 20-year term loans for purchase of homes in Vantage Glen. The cost to live in the community ranges from $150 per month if the home is purchased for cash, to $359 if the home is fully financed.

"Unlimited Potential"

Davis sees a public agency's use of manufactured housing as having "unlimited potential. Vantage Glen looks like a single-family development," he said. "Once people see it, they can't argue with that."

In addition to reducing costs, Vantage Glen does not create typical landlord/tenant problems associated with other public housing developments, Davis observed. Homeowners are partners with the agency and have great interest in maintaining the community.

The Vantage Glen experience leads the King County Housing Authority to believe that a manufactured home community for families also can work, Davis said. The agency plans to test this idea in coming months by purchasing land and constructing a second manufactured home community for families. "Manufactured housing, in the right setting, can be the best first step in the home ownership chain," Davis concluded.

> ***"Manufactured housing, in the right setting, can be the best first step in the home ownership chain."***

Washington development wins national recognition

Vantage Glen, a senior citizen manufactured housing project in Renton, Wa., has earned the Innovative Housing Program Award for its effective use of government funds.

***Washington Manufactured Housing*, published by the Washington Manufactured Housing Association, said the project was built with government subsidies of $3,500 per living unit as compared with a traditional subsidy of $45,000 per unit.**

The award is granted by the National Association of Housing and Redevelopment Officials.

Item 6

National Indian Housing Improvement Association

TESTIMONY SUBMITTED BY:

LOIE BROOKS, PROJECT DIRECTOR

NATIONAL INDIAN HOUSING IMPROVEMENT ASSOCIATION

August 17, 1987

U.S. SENATE SPECIAL COMMITTEE ON AGING

P.O. Box 3481 • Carson City, Nevada 89702 • (702) 882-4448

National Indian Housing Improvement Association

TESTIMONY

U.S. Senate Special Committee on Aging

Field Hearing
Reno, Nevada

August 17, 1987

This testimony is submitted on behalf of the National Indian Housing Improvement Association (NIHIA). NIHIA is a national Indian organization whose focus is centered on improving housing conditions for all Indian and Alaskan Native people. Although your Committee has invited testimony which will highlight housing assistance problems encountered by low and moderate income elderly in Nevada, we are providing information which is applicable, not only to elderly Nevada Indians, but to all Indian and Alaskan Native elderly people. Obstacles to adequate housing consideration for America's Indian elderly are not confined to specific geographic areas, but apply generally throughout the country. NIHIA appreciates the opportunity to introduce testimony describing the plight of elderly Indian people and the unique problems which do not affect elderly non-Indians.

American Indians represent the neediest segment of the country's population. They are separated into several hundred individual tribes, each with its own governing council which maintains a government-to-government relationship with the United States. In spite of these independent entities, there are many problems in common, shared by nearly all Native Americans. Inadequate housing assistance for the Indian elderly is prevalent throughout the country, including Nevada.

Background

Three federal agencies are involved in Indian Housing. If the wide selection of programs were adequately funded and efficiently administered, Indian elderly at all income levels could be accomodated and the national goal of decent, safe and sanitary Indian Housing could be achieved in a timely manner.

The Department of Housing and Urban Development (HUD) has historically allocated the largest number of housing units earmarked for the Indian elderly. However, the HUD delivery system is painfully slow, burdened with bureaucratic encumbrances and requirements which are more appropriate for urban metropolitan areas than Indian reservations and colonies. An elderly Indian cannot wait two to three years for HUD to complete all the laborious steps preceding housing assistance delivery.

Farmers Home Administration (FmHA) offers supplementary housing assistance intended for and available to Indians, including the elderly. However, as a practical solution FmHA is out of reach because of trust land status and because it is a loan program with terms similar to commercial banks, making it suitable only to a few younger Indians with higher incomes.

Item 7

June 1, 1987

COMPARISON OF HOUSE AND SENATE BILLS TO REAUTHORIZE HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS*

PROVISION	H.R. 4	S. 825	POSITION
ASSISTED HOUSING Lower Income Housing Authorization	TITLE II Section 201 Authorizes $7.9 billion for Public Housing Modernization and Section 8.	TITLE II Sections 201 and 203 a) Authorizes $7.5 billion for FY 1988 and 1989 operating subsidy $1.6 billion. b) Provided that any amount recaptured be available for reuse for same purposes.	NAHRO supports House levels.
Public Housing Economic Rent	Section 202 Allows for a ceiling rent for up to five years and not less than the average monthly debt service and operating expenses; and not more than the amount payable as rent by such family.	No provisions.	NAHRO supports the House provision.
Adjusted Income	Section 202 Provides for a 10% earned income deduction for working families.	No provision.	NAHRO supports House provision.
Utility Allowance	Section 202 -Defines "rent" as amount for shelter and utility allowance for "reasonable" use of utilities be based on actual utility consumption for each size and type of dwelling unit.	No provision.	No position.
Rent Phase-In	Section 202 Provides for gradual increase in rent for up to six months for residents obtaining employment.	No provision.	NAHRO opposes House provision because it mandates rent phase-in.

* S.825 as passed by Senate in April and H.R. 4 as reported by full House Committee on Banking, Finance, and Urban Affairs in May.

PROVISION	H.R. 4	S. 825	POSITION
Income Eligibility	Section 203 Revises Section 16 to allow 25% of families assisted under public housing and Section 8 to be in the 50-80% of area-wide median income income bracket.	Section 204 Retains 5 percent limit overall, but amends Section 16 to require Secretary to establish different limits for different programs, as appropriate, and prohibits total denial of units to low-income families. Regs must be issued within 60 days of enactment.	NAHRO supports House provision.
Public Housing Simplification	Section 211 Allows the Secretary to develop systems to allow PHA certification and deregulation through voluntary professional performance standards and other requirements as established by the Secretary; requires consultation with tenants and tenant organization.	No provision.	NAHRO supports house provision.
Discretionary Preference for Near Elderly	Section 212 Allows PHAs to house up to 15% singles without HUD approval and up to 30% with HUD approval. If PHAs cannot fill units with elderly individuals then PHAs may give preference to near elderly heads of households at least 50 years of age before housing those below 50.	No provision.	NAHRO supports.
Grants for Public Housing Production	Section 213 Authorizes use of grants in lieu of long-term financing of public housing development/ modernization.	No provision.	NAHRO opposes House provision.
Limitation of Public Housing Development	Section 214 Limitation on Public Housing Development Authorizes reservation of funds for new development by Secretary if one of the following conditions is met: a) to complete projects already in the pipeline. b) the PHA certifies that 85% of its units meet HQS requirements or will upon completion of modernization for which funding has been awarded and approved, not on applications filed.	Section 209 Same provision.	NAHRO supports House provision.

PROVISION	H.R. 4	S. 825	POSITION
Limitation of Public Housing Development	Section 214 cont'd. c) for replacement of units demolished or disposed of. d) to comply with court orders or direction of the Secretary or e) PHA certifies a need for additional development not met with existing rental assistance programs for not more than 100 units. Not more than 20% of the funds may be committed by the Secretary for substantial redevelopment of existing units.		
Limitation on Recapture of Funding Reservations	Section 215 -Prohibits recapture of development funds for up to 30 months. -Permits PHAs to change project if maintaining unit count.	No provision	NAHRO supports House provision.
Indian Public Housing	Section 216 Secretary may not distribute funds to Indian housing based on rent collections record at project.	No provision.	No position.
	Section 217 Limits requirement that new production costs be less than acquisition/rehabilitation costs to comparables in neighborhoods in which PHA determines housing is needed.	No provision.	NAHRO supports House provision.
Public Housing Evictions Due to Non Payment of Rent	Section 218 Provides that PHAs shall not evict families before reviewing accuracy of rent computed and assessed; notifying tenant of rental and relocation assistance; and informing tenant of other housing or emergency shelter. Regs must be issued in 90 days.	No provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
Public Housing Child Care Grants	Section 220 -Authorizes grants to implement a demonstration program to provide child care services for public housing residents. Program shall be designed to determine if it impacts resident employability. Program shall be funded in addition to current program under the Housing Act. -PHAs eligible if: a) they do not currently have child care programs; b) serve both pre and after school children; c) involve the parents; and d) employ the elderly residing in the project. Requires report to Congress three years following enactment. Authorizes five million dollars for FY 88.	No provision.	NAHRO supports House provision.
Performance Funding System	Section 221 Modifies PFS as follows: a) requires PHAs to share utility cost savings with Secretary. b) Allows PHAs who fund energy conservation improvements through non-federal sources to retain 100% of any cost reductions due to differences between projected and actual utility costs (adjusted for heating degree days) until the debt under the loan is paid; after which the three year rolling base procedures shall apply. The Secretary shall provide additional operating subsidy sufficient to cover payments not met through savings for improvements through term of contract or agreement.	No provision.	NAHRO supports the House provision.

PROVISION	H.R. 4	S. 825	POSITION
Performance Funding System	Section 221 cont'd. c) provides for a formal review process to correct inequities in base year; reflect changes in operating circumstances; and provide for upward and downward adjustments to the AEL including, but not limited to increase in wages and salaries due to repeal of CETA. d) Requires estimates of rental income be based on actual rent for either 4th, 5th, or 6th month prior to fiscal year. e) prevents recapture of other, rental, and investment income. f) allows for costs beyond control. g) allows PHAs to combine two or more units without a reduction in subsidy.		
	-Authorizes $1.6 billion for FY 1988.	Same	NAHRO supports authorization levels.
	-Requires HUD to allocate funding in a timely manner - first month of fiscal year.	No provision.	NAHRO supports House language.
CIAP Grants	Section 222 Authorizes grants in lieu of loans for comprehensive improvement - continues contract terms and conditions for 20 years.	No provision.	NAHRO opposes House provision.
Demolition/Disposition	Section 223 Requires PHA plan that provides for one for one replacement a) unless the Secretary determines replacement is not needed based on info submitted by PHA and b) allows for substitution of project-based assistance under Section 8 or units assisted under State or local government if public housing funding not available. Payment of relocation expenses to resident.	No Provision	NAHRO supports House provision.

PROVISION	H.R. 4	S. 825	POSITION
Comprehensive Grants Program	Section 224 Permits allocation of grants for comprehensive improvements providing there is: a) a PHA 5 year comprehensive plan assessing physical, management and program wide improvements needed and complying with life cycle cost-effective energy conservation performance standards as established by the Secretary; and assessment of replacement need. Current CIAP allocation system remains in effect until HUD submits report to Congress of formula for replacement and future needs and other requirements six months after enactment of 1987 Act. Requires annual report. Allows the use of operating subsidy for capital improvements and replacement.	Section 210 Does not authorize grants - encourages the development of a proposal to reform Section 14. Provides for capital improvements on basis of need. Requires submission to Congress of following: 1)complete study of need within one year. 2)proposed methods for allocation of funds for current and future need. 3)proposed alternatives for funding allocations. 4)analysis of data to measure existing deficiencies. 5)criteria for distinguishing routine from non-routine capital replacement. 6)methods to allocate funds to meet routine and regular capital replacement expenses. 7)consultation with organizations, interests groups, etc. regarding progress on studies. Continues current CIAP funding under Section 14 until repealed or amended by Congress.	NAHRO supports Senate provisions which insure orderly development of programs, allocation system, and mandates Congressional approval of these before implementation.
Resident Management	Section 225 Establishes program in resident management. b) Requires hiring of public housing management specialist to determine program feasibility and assist RMC; c) Requires fidelity bonding and insurance. d) Requires RMC to enter into contract with local PHA. e) Permits CIAP funding of RMC projects. Prevents any retention of funds by PHA if RMC administers CIAP monies. f) Allows waiver of unnecessary requirements that increase cost for both PHA and RMC upon request for a specific project.	Section 207 Encourages increased resident management participation. b) Same. c) Same. d) Indicates RM contract may include specific terms governing various management and operation procedures. Removes all reference to collective bargaining. e) Same. f) Excludes waiver of requirements.	NAHRO supports House provisions.

PROVISION	H.R. 4	S. 825	POSITION
Resident Management	Section 225 cont'd.	Section 207 cont'd.	
	g) Allows waiver to permit residents to volunteer a portion of their labor.	g) No provision.	
	h) Requires Secretary to report additional waivers necessary to carry out provisions to Congress.	h) No provision.	
	i) Provides equal PUM funding for both RMC and PHA based on previous year's determination.	i) No provision.	
	j) PHA cannot reduce funds to RMC for three years.	j) Same.	
	k) Requires a reduction or increase in income to RMC portional to PHA.	k) Same.	
	l) Excludes from calculation of PHA subsidy amount any income generated by RMC other than investment or rental income.	l) Allows retention of excess income for RMC.	
	m) Authorizes funding of $100,000 per RMC.	m) Same.	
	n) Authorizes a total funding amount of $2.5 million.	n) Authorizes funding amount of $1.5 million.	
	o) Requires an annual report from the Secretary evaluating program impact and recommendations for waiver of regulatory requirements for all PHAs.	o) Same.	
Homeownership	Section 226	Section 208	
	a) Allows homeownership opportunities of units through a qualifying RMC and subject to the provisions of the ACC; -RMC must have demonstrated its ability to manage public housing for three years.	a) Mandates homeownership opportunities through RMC specifically indicates the purchase of multi-family buildings.	NAHRO generally supports House language which is permissive in nature and allows regulatory waivers. NAHRO supports Senate provisions on one-for-one replacement and authorizing PHA financing with interest rate flow.
	b) Permits CIAP funding for these projects.	b) Same.	
	c) PHA and Secretary must provide as determined by the Secretary assistance necessary to families to prepare for homeownership.	c) Same. No require assistance to be provided.	
	d) RMC may purchase from PHA one or more buildings under certain conditions: -RMC must meet management requirements. -PHA must hold hearings. -Buildings must meet HQS.	d) Same. Also one for one replacement unless local agency determines otherwise.	

PROVISION	H.R. 4	S. 825	POSITION
Homeownership	Section 226 cont'd.	Section 208 cont'd.	
	e) Price of building approved by Secretary in consultation with PHA.	e) Same.	
	f) Restricts resale of units to lower income families in public housing RMC or PHA.	f) Same.	
	g) Allows for purchase through: limited dividend cooperative ownership, condominium, fee simple and allows shared appreciation with PHA, and other arrangements determined by Secretary to be appropriate.	g) Similar language.	
	h) Restricts resale values for owner and requires these arrangements carry over to subsequent owners.	h) Provides for percentage re. proceeds if property sold before five year period.	
	i) Proceeds from sales shall be paid to and retained by the PHA to rehabilitate or increase units.	i) Same	
	j) Prohibits operating subsidy after sale of building.	j) Same.	
	k) Provides protection for nonpurchasing families including relocation assistance. Amended to allow non-purchasing families to selection Section 8 cert. or vouchers for assistance not a HUD determination.	k) Provides for use of Vouchers - and Section 8 certificates. Removes section on reimbursement for any non-purchasing family that decides to move.	
	l) Allows continuation of other homeownership programs.	l) Same.	
	m) Requires annual report from Secretary.	m) Same.	
	n) Secretary shall provide such financial as required to PHA.	n) Same.	
	o) Allows PHA financing if not otherwise available.	o) Allows PHA financing at rate of interest not lower than 70% of market rate for conventional housing if financing is not otherwise available.	

PROVISION	H.R. 4	S. 825	POSITION
Charlotte Demonstration	Section 229 Authorizes demonstration by Charlotte and up to 10 other PHAs on use of comprehensive package of services to encourage transition of residents to private housing. Under a contract with family, PHA will provide remediation services including education, job training, drug counseling, homemaking and parenting training, and money management counseling. For up to first two years (remediation phase) rents cannot be increased as income rises. In transition phase (next 5 years) rents increase with income and do not decrease if employment is voluntarily terminated. Head of household required to work; PHA counsels family on homeownership, money management, problem solving, and encourages savings. After completion of 7 year period family required to transition out of public housing; can be extended if circumstances warrant. Secretary must issue reports at end of two years and end of seven year demo.	No provision.	No position.
Term and Provisions of Section 8 ACC	Section 241 a) Sets term of ACC at 15 years (180 months) for certificates	Section 202 Also sets term of ACC at 15 years for certificates.	NAHRO supports.
	b) ACC must provide for specific number of units. Amendment money must be provided to ensure full funding, including units not under lease.	No provision.	NAHRO supports House provision.

PROVISION	H.R. 4	S. 825	POSITION
Adjusting FMRs and Contract Rents	Section 242 a) FMRs must be adjusted annually to be effective on October 1 of each year based based on the most recent available data trended so they will be current for the year to which they apply.	Section 202 Same.	NAHRO supports.
	b) Required separate FMR calculation for Westchester County, NY.	No provision.	No position.
	c) Permits consideration of necessary capital improvements in Section 8 rent increases (in addition to operating expenses)	No provision.	NAHRO supports.
	d) Restricts HUD from reducing contract rents for Section 8 new construction, substantial rehab or moderate rehab projects.	No provision.	NAHRO supports.
	e) Repeals limit on contract rent increases for Section 8 New Construction and Substantial Rehabilitation units.	No provision.	No position.
	f) Requires owner to provide written notice to HUD and to the tenants one year prior to terminating contract (or 90 days for certificates or vouchers). The Secretary should attempt to avoid the termination and must issue a written finding of the legality of the termination.	No provision.	NAHRO supports.
	g) Directs Secretary to adjust contract rent for units on which the owner has provided notice of proposed termination and the current rent is lower than the maximum.	No provision.	NAHRO supports.
Housing Voucher Program	Section 243 a) Eliminates "demonstration" language and references to use of vouchers in support of Rental Rehab, HoDAG and Rural Housing Preservation Grants (facilitates decoupling).	Section 213 Also eliminates demonstration language but includes requirement that vouchers be used in support of rental rehab and FmHA programs (for physically or economically displaced residents).	NAHRO supports Senate provision.
	b) Allows the payment standard and amount of assistance to be adjusted annually.	Section 215 Also allows payment standard to be adjusted annually.	NAHRO supports House provision.
	c) Removes 5% ceiling on the amount of voucher authority used for cooperative and mutual housing.	No provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
Adjustment Pools	No provision.	Section 216 Requires Secretary to set aside funds under voucher program to distribute to PHAs to compensate for higher than normal increases in payment standard.	NAHRO supports House method as included in Section 241 of H.R. 4.
Abt Study	No provision.	Section 218 Requires Secretary to submit the preliminary findings of Abt Associates evaluation of Voucher Demostration Program not later than 90 days from enactment of this bill.	NAHRO supports Senate provision.
Administrative Fees for Certificates and Vouchers	Section 244 a) Sets administrative fees for both the certificate and voucher programs at 8.2% (of 2 Br. FMR). Secretary may increase, if necessary, to reflect higher costs of administering small programs and those with large geographic areas. Sets preliminary fees at $275 and permits Secretary to determine appropriate hard-to-house fees.	Section 214 Also sets admin. fees at 8.7%. Does not specify amount of preliminary fee but allows Secretary to establish reasonable preliminary and hard to house fees.	NAHRO supports House provision.
	b) Requires GAO study of Admin fees to be submitted (to Congress) by 10/30/87. (Study should address adequacy of fees and whether system should be restructured.)	Section 217 Also requires GAO study of admin. fees. Study should also include comparison of voucher and certificate programs "in representative rental markets."	No position.
Portability of Section 8 Certificates and Vouchers	Section 245 Establishes same portability rules for vouchers and certificates. Limits portability to same or a contiguous HSA. Receiving agency has administrative responsibility. If there is no agency in the jurisdiction to which the famility moves, the originating agency must administer the assistance payment.	No provision.	NAHRO supports House provision.

PROVISION	H.R. 4	S. 825	POSITION
Portability of Section 8 Certificates and Vouchers	Section 245 cont'd. In providing assistance to the PHAs, the Secretary shall take into account any reduction in the number of families served as a result of portability. This section does not limit authority granted to the Secretary in other sections to provide for portability.		
PHA Residents	Section 246 In selecting families for Section 8 assistance the PHA cannot exclude or penalize a family solely because the family resides in public housing.	No provision.	No position.
Nondiscrimination	Section 247 Prohibits owners from discriminating against Section 8 certificate and voucher holders.	Section 221 Same.	NAHRO supports.
Section 8 Evictions Due to Non Payment	Section 248 a) Requires PHAs to review any eviction of a Section 8 tenant due to non-payment of rent. b) Requires Secretary to issue regulations 90 days after enactment.	No provision.	No position.
Loan Management Assistance	Section 249 Sets term for Section 8 Loan Management assistance at 15 years. Requires Secretary to extend any expiring contract when the owner is willing to continue.	No provision.	NAHRO supports.
Conversion Section 8 Existing to Project Based Assistance	Section 249 Permits PHA to approve attachment of Section 8 existing assistance to units for up to 25% of PHA assistance if owner agrees to rehabilitate. [Allows conversion of Section 8 Existing to Project Based.]	No provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
HoDAG	Section 250 One year authorization 99.55 million.	Section 204 Two-year authorization at $100 million per year.	NAHRO supports Senate provision.
	Construction commencement date extended from 24 to 36 months after selection. Applies retroactively. Owner must agree to comply with 20-year low-income benefit.	No provision.	NAHRO supports House provision.
Rental Rehab	Section 250 One-year authorization at $75 million.	Section 205 Two-year authorization at $220 million per year.	NAHRO supports Senate provision.
	Expands eligible properties definition to include real property "to be" privately owned upon rehab completion.	Eligible properties definition is "privately-owned real property"	NAHRO prefers House definition.
	No provision.	Expands eligibility to communities in FmHA eligible area.	NAHRO supports Senate provision.
	Rental Rehab maximum grant would be: $5,000 for zero bedroom, $6,500 for 1-2 bedrooms, and $7,500 for three or more bedrooms.	Rental Rehab maximum grant would increase to $7,500 for each unit with two bedrooms or less. For three bedroom or larger units, it would be raised to $8,500.	NAHRO supports Senate provision.
	Expanded definition adds housing owned by a state or locally chartered, neighborhood based non-profit whose primary purpose is provision and improvement of housing.	Same as House.	NAHRO supports.
	All Rental Rehab assistance may be used to meet seismic standards if 1) grantee has local seismic ordinance and 2) occupants of units to be rehabbed ≤ 50% median. [Intended to qualify city of Los Angeles and prevent demolition of SRO's and one-bedrooms.]	No provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
Rental Rehab	Section 250 cont'd. Allows state a 10% admin. fee.	Section 205 cont'd. No provision.	NAHRO endorses the House provision contingent on the State being required to give half of the admin. fee to the local community and the state retain the other half. Further, NAHRO recommends a 5% admin fee for entitlement communities administering Rental Rehab programs.
Subtitle B - Multi Family Housing Management and Preservation			
Prepayment of Mortgages	Section 261 a) States as policy that HUD will encourage continued availability of insured or assisted multi-family rental housing for low-income families. Requires Secretary to report within six months on a recommended comprehensive program to carry out this policy. Report will include the adequacy of existing resources; other needed resources; and possible criteria for a right of first refusal for state or local government or a non-profit to buy prepayment properties. Report will also assess feasibility of non-profit corporation funded by prepayments to purchase other properties subject to prepayment. b) Requires monthly publication, by state of properties eligible to prepay in that month the following year. Requires one year prior notice by owner of intent to prepay. After one year waiting period ("prohibited period"), owner has one year in which to prepay ("permitted period"). Notice must be filed again if owner fails to pre-pay by end of year but still intends to do so. Notice includes information on financing, rents, and tenant incomes. Secretary must determine any regulatory or contractual changes that would entice the owner to retain the property as low-income. Secretary must confer with other	No provision	No position.

PROVISION	H.R. 4	S. 825	POSITION
Prepayment of Mortgages	Section 261 cont'd. interested parties on actions proposed, and any available state or local assistance. Secretary must inform owner of findings within 150 days of receipt of notice and owner must respond in writing within 30 days. Owner must notify the Secretary and other interested parties of any bonafide offer to purchase 90 days before accepting the offer, or 60 days before a refinancing that requires loan prepayment, or 90 days before a decision to prepay. The owner must respond in writing to proposals submitted by interested parties during this period. c) Subsidy funds recaptured by contract cancellation shall be reserved to assist other projects. Half of recaptured funds from financial adjustment factor refinancing goes to the State HFA for low-income refinancing. d) Secretary cannot authorize prepayment unless owner has entered good faith negotiations with designated state agency concerning sale to a nonprofit or tenant cooperative or obtaining additional financial assistance.		
Management of HUD Owned Properties	Section 262 HUD owned, delinquent, workout, or foreclosing properties must be managed or disposed of in a manner that will ensure they remain affordable to low-income. The Secretary shall use Section 8 assistance, or other assistance, for projects acquired at foreclosure or after sale in order to maintain affordability for low-income. Sale of loans or mortgages for subsidized projects can't be undertaken unless projects will remain affordable to low-income at least until the maturity date. Subsidized projects subject to a HUD held mortgage can't be sold unless the project remains affordable to low-income.	No provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
Acquisition of Insured Projects	Section 263 States HUD shall determine amount to be bid for foreclosed properties consistent with goal of maintaining units for low and moderate income persons.	No provision.	No position.
Nondiscrimination Against Section 8	Section 264 Owners of subsidized projects cannot refuse to rent to a Section 8 certificate holder or voucher holder.	No provision	No position.
Flexible Subsidy Fund	Section 265 Creates a revolving Flexible Subsidy Fund to provide assistance for troubled multi-family housing projects, to be funded by appropriations. Assistance can only be provided to troubled projects (under this or other funds) if owner agreed to apply for Section 8 or other funds to maintain financial soundness and low and moderate income character. Units must only be maintained for very low income as long as owner receives sufficient subsidy.	No provision.	No position.
Massachusetts Demo	Section 266 Authorizes a demonstration program for three years with the Massachusetts HFA. Agency would provide financing for sale of distressed projects via co-insurance. Would be evaluated as a national model.	No provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
Multifamily Housing Preservation Loans	Sections 271-278 Authorizes $50 million for a Multifamily Housing Preservation Fund. Fund would provide loans for capital improvements for projects assisted under section 236, 221(d)(3), Section 23, Section 101, or a Section 8 project converted from Section 236 or 101, in order to maintain in decent, safe, and sanitary, condition for low-income families. Loans must be necessary; owner must contribute 20% of cost, except where waived by Secretary; project must be financially sound. To make units affordable after rehab, Secretary can provide Section 8 certificates without regard to Section 16 income limits; lower interest rate on loan to 1 percent; increase term of loan cap to a maximum of the remaining term of the mortgage); increase owner's contribution.	No provision.	No position.
Section 202 Elderly and Handicapped	Section 281 Establishes authorization of $621.7 million in loan authority for FY 88. Establishes priority for replacement of PHA owned elderly projects with 100 or more units that are being demolished. Encourages community participation.	Section 222 Authorizes such sums as may be appropriated in FY 86 and 87, and $595 million in FY 88 and 89. Changes method for calculating interest rate on loans and notes for Section 202 projects.	NAHRO supports House levels.
Section 202 Handicapped	Section 282 Sets up separate program with separate standards for non-elderly handicapped, not less than 15% of total 202 appropriation. Funds to be used for a variety of housing options. Sets up separate payments program for low and moderate income families and terminates eligibility for Section 8. Requires development applications to include a supportive services plan.	Section 223 Same provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
	Section 283 Recaptured Section 235 budget authority must be made available for additional assistance payments.	Section 224 Allows mortgage insurance and assistance payments.	No position.
Congregate Services	Section 284 Authorizes $13 million and makes program permanent. Also requires university or research institution report by 9/30/88 on elderly in federally assisted housing at risk of institutionalization; alternative delivery system for services to elderly in assisted housing; existing and potential financial sources; and feasibility of state housing agencies operating program on a matching grant basis.	Section 225 Authorizes $7 million FY 88 and $13 million in FY 89. Requires similar study, except for feasibility of a state administered program.	NAHRO supports house provision.
Mandatory Meals	Section 285 Allows elderly tenant an exemption from mandatory meals program for special dietary or health needs; special dietary practices; financial hardship; interference with employment; or other reasons approved by owner. Owner may provide assistance in lieu of exemption for financial hardship. Food stamps must be accepted. Tenant can appeal to the Secretary denial of exemptions.	No provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
Aliens in Assisted Housing	Section 286 Amends restrictions on use of assisted housing by aliens by adding as eligible temporary residents under Immigration and Nationality Act; exempting families in which any member is a citizen, a national, or an alien resident; exempting families currently in residence. Prohibits assistance to students or their spouses and minor children, and aliens maintaining a foreign residence. Exempts elderly from documentation requirements. Permits Secretary to reimburse PHA for cost of implementing and operating an immigration status verification system. In FY 88, under transitional procedures, persons receiving assistance must declare in writing whether they are a citizen or national. If not, elderly must declare immigration status in writing; others must provide documentation of immigration status. Provisions also amend appeal and enforcement procedures.	No provision.	NAHRO supports House provision.
Disclosure of SSAN	Section 287 Permits HUD to require disclosure of SSAN or employer identification number by participant (and members of household) as a condition of receiving any HUD assistance.	No provision.	NAHRO supports House provision.
Energy Conservation	Section 288 One year after Act, development or rehabilitation of assisted housing (under 1937 Act and Section 202) must meet life-cycle cost effective energy conservation performance standards to insure lowest total construction, rehabilitation, and operating costs. Cost limits shall be revised accordingly.	No provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
Annual Report	Section 289 Requires annual report on families assisted under Section 8, public housing, and Section 202 to include: family size; age, race, and sex; amount and source of income; and military status.	No provision.	NAHRO supports House provsion.
Excess Rental Charges To Assist Troubled Projects	Section 290 Extends through 1988 use of 236 excess rental charges for assistance to troubled projects.	No provision.	No position.
Housing Demonstration Project	Section 291 Authorizes $5 million for a matching grant program with State governments to upgrade housing occupied by welfare families and provide coordination with housing assistance programs.	No provision	NAHRO supports House Provision.
Flexible Subsidy for Section 202	Section 292 Adds 202 projects at least 15 years old to eligibility for operating assistance for troubled multi-family projects under Section 201 of 1978 amendments.	No provision.	No position.
Exclusion of Housing Assistance As Income	Section 293 Excludes housing assistance from counting as income under other federal programs.	No provision.	No position.
State Aided Rent Supplement Projects	Section 294 Allows annual contract adjustments to cover 100% (versus current 90%) of rent increases and changes in tenant incomes in rent supplement projects not federally insured.	No provision.	No position.
Technical Amendments	Section 295 Makes various technical amendments.	No provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
Preference for Rent Supplement Projects	No provision.	Section 226 Adds person paying more than 50 percent of income as preference under Section 101 rent supplements.	No position.
RURAL HOUSING	TITLE III	TITLE III	
FmHA Programs	Section 301 One-year authorization at approximately FY 87 levels.	Section 301 Two-year authorization at approximately FY 87 levels.	NAHRO supports.
Very Low Income Definition	Section 303 For purposes of the Section 502 program very low income families defined as not more than 50% of statewide non-metro median, or 50% of county median, whichever is higher.	Section 305 Same as House.	NAHRO supports.
Prepayments on Section 515	Section 306 Secretary must require borrower requesting prepayment to first offer to sell to a non-profit or public agency at fair market value. If offer to purchase is not made within 90 days, Secretary may approve prepayment. Non-profit or public agency must be qualified to manage and maintain for low and moderate income. If funds available, Secretary shall make grants and rental assistance available to enable agency or nonprofit to purchase. Maximum of 5,000 units per year to transfer under this proposal; no prepayments approved after this maximum reached. Secretary must publish notice not less than one year before prepayment.	No provision.	No position.
Rural Area Classification	Section 312 Grandfathers communities in 10-20,000 population range thru 1988.	Section 302 Same as House.	NAHRO supports.
Rural Housing Preservation Grants Regs	Section 316 HUD must issue regs implementing program (from 1983 HURRA) within 30 days of enactment.	No provision.	NAHRO supports House provision.

PROVISION	H.R. 4	S. 825	POSITION
MORTGAGE INSURANCE AND SECONDARY MARKET PROGRAMS	TITLE IV	TITLE I	
Extension of FHA Mortgage Insurance Programs.	Section 401 Title I Insurance (home improvement loans); Section 217 (GNMA); Section 221(f) (low- and moderate-income housing insurance); Section 235 (home-ownership); Section 244(d) (co-insurance on mortgages); Section 244(h) (co-insurance on rehab loans); Section 245(a) (graduated payment and indexed mortgages); Section 249(a) (reinsurance demo); Section 809(f) (civilian employees of the armed services housing insurance); Section 1002(a) (insurance for mortgages on land and land improvements); Section 1101(a) (insurance for mortgages on medical, osteopathic, dental, optometric, or podriatric group practices); extended 9-30-88.	Section 101 Permanent extention of Sections 217, 221(f), 244(d), 245(a), 809(f), 1002(a) and 1101(a).	NAHRO supports permanent extension for all FHA mortgage insurance programs.
Limitation on Amount to be Insured under National Housing Act.	Section 402 During FY 1988, HUD may enter into commitments to insure mortgages with an aggregate principal amount of $100 billion.	Section 134 "Any new credit authority (as defined by Section 3 of the Congressional Budget and Impoundment Act of 1974 which is approved by this Act shall be effective only to such extent in such amounts as may be approved in appropriation Acts."	NAHRO supports language in House Bill.
Limitation on FHA Insurance Premiums.	Section 403 The premium charge for mortgage insurance under Section 203(c) (1-4 family) shall not exceed 3.8% of the principal obligation of the mortgage or loan -- nor 0.5% of the outstanding loan per year. The Secretary shall submit proposals for insurance premiums under Sections 245	Section 121 (Same as House Bill) (Same limit on Section 234 loan guarantees.)	NAHRO supports language in House Bill.

PROVISION	H.R. 4	S. 825	POSITION
Limitation on FHA Insurance Premiums.	Section 403 cont'd. (graduated payment mortgages), 247 (Hawaiian Homelands), 251 (adjustable rate mortgages), 252 (shared appreciation mortgages), and 253 (shared appreciation multifamily mortgages). On other loan or mortgage insurance programs under this title, the premium shall not exceed 1% on outstanding princial obligation. Within four months of enactment, the Secretary will submit a report to Congress analyzing the feasibility of providing administrative exemptions from the principal amount limitations (under section 203(b)(2) of the National Housing Act) for geographic areas experiencing high prevailing housing sales prices.	Section 121 cont'd. (Same as House Bill)	
		The Secretary shall notify Congress 90 days in advance of an increase in premiums. The Secretary shall certify increase covers administrative costs or reserve fund needs.	No position.
Prohibition of Use of Single Family Mortgage Insurance by Investors.	Section 404(a) Homes with FHA insurance must be occupied by the mortgagor -- as a principal or secondary residence. This provison does not apply to public entity mortgagors under Sections 214 or 247 (special programs in Alaska, Hawaii, or Guam); non-profits or public entities under Section 221(h) (improvement loans) or 235(j) (homeownership); Indian Tribes under Section 248 (single family Indian), service persons unable to meet requirement because of duty assignment -- in Section 216 or 222 (special provisions for servicepersons).	No provision.	No position.
Repeal of Vacation and Seasonal Home Insurance	Section 404(c) Repeals mortgage insurance of vacation and seasonal homes.	No provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
Actions to Reduce Losses under Single Family Mortgage Insurance Program.	Section 405 The provision prescribes HUD review of at least 10% of mortgage applications submitted to each lender (in direct endorsement and prior approval programs); at least 20% of mortgage applications in communities where the default rate on such mortgages. The 20% reviews requires HUD to perform an annual review of the early serious default and claim rates; independent verification by HUD of all credit reports indicating no prior credit history; independent verification by HUD of all appraisals of investor owned property acquired less than 12 months from mortgage application date; and credit standing reviews of all endorsed buyers during the 24-month period after endorsement.	Section 129 HUD will work to reduce mortgage insurance program losses. HUD is authorized to require mortgages and lenders to report the taxpayer identification numbers of borrowers. HUD may require reports and corrective action of mortgagors with above-normal default rates.	No position.
	The provision requires HUD to review at least annually the rate of early serious defaults and claims -- with an explanation, a plan for corrective action, and the dates corrective action will begin and be completed.	No provision.	No position.
Increase in Authority To Insure Adjustable Rate Single Family Mortgages	Section 410 Increases authority from 10 to 20% of aggregate number of mortgages and loans insured.	Section 127 Increases authority to not more than 40% of the aggregate numbers of loans and mortgages insured in the preceeding fiscal year.	No position.
	Repeals authority to insure graduated payments mortgages (GPMS) under Section 245(b) of the National Housing Act and permit refinancing of such mortgages.	No provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
Penalties for Equity Skimming.	Section 411 Any owner, agency, manager, or custodian of a property with a HUD-insured mortgage cannot use rents, assets, proceeds, or income from the property (for other than meeting necessary expenses) if the mortgage is in default. That person can be fined up to $250,000 or imprisoned up to 5 years.	No provision.	No position.
Refinancing Mortgage Insurance for Hospitals Nursing Homes, Intermediate Care Facilities, and Board and Care Homes.	Section 406 Assures state certification requirements are met. Extends refinancing insurance to existing nursing homes, intermediate care facilities, board and care homes. Regulations are required within 90 days of enactment.	Section 123 (Same as House Bill)	No position.
Mortgage Insurance for Nursing Homes, Intermediate Care Facilities, and Board and Care Homes.	Section 407 In states without an agency which certifies need to such facilities, the state must conduct a need and feasibility study under the principles of the American Institute of Certified Public Accountants; an assessment of impact on other care facilities. Reg's are required within 90 days of enactment.	Section 124 (Same as House Bill)	No position.
Requirement of State Approval for Mortgage Insurance for Hospitals.	Section 408 (Similar to Section 407 above.)	Section 125 (Same as House Bill)	No position.
Mortgage Insurance on Hawaiian Home Lands and Indian Reservations.	Section 409 Extension of benefits to succeeding spouse of child. Provision of mortgage insurance under the General Insurance Fund.	Section 130 (same as House Bill)	No position.

PROVISION	H.R. 4	S. 825	POSITION
Authority for Secretary to impose Civil Money Penalties on Mortgagees.	Section 411 In addition to any civil or criminal penalties, HUD may impose fines up to $1 million for the following violations committed during a 1-year period: (1) transfer of mortgage insured under Section 203 unless permitted by statute or regulation, (2) failure to segregate escrow funds received from a mortgagor, (3) use of escrow funds for any unintened purposes, (4) submission of false information on mortgages insured under Section 203, (5) hiring an employee under suspension or debarment by HUD, (6) submission of a false certification, (7) failure to comply with condition on a mortgage or notice required by HUD, and (8) contract violations under Section 203.	No provision.	No position.
Home Equity Conversion Mortgage Insurance Demonstration.	Section 412 Demo to reduce economic hardship of elderly homeowners by converting a portion of accumulated equity to liquid assets; to encourage involvement of mortgagors and secondary markets; to determine need and demand, the best types of mortgage instruments, and the appropriate scope and nature of HUD involvement. Participants must be homeowners and at least 65 years of age -- in a 1-family residence. Requires third-party counseling by persons other than the lender. The principal obligation of the mortgage accepted for insurance may not exceed 125% of maximum dollar amounts in the Section 203 program (or 90% of	Section 162 (Same as House Bill)	No position

PROVISION	H.R. 4	S. 825	POSITION
Home Equity Conversion Mortgage Insurance Demonstration.	Section 412 cont'd. appraised value -- whatever is less). Mortgages may be insured until 9-3-88. HUD may contract with public and private entities to carry out provisons in this section.	Section 162 (Same as House Bill)	
	If the homeowner chooses to remain in the dwelling unit beyond the term of the mortgage, title to the dwelling shall be conveyed to HUD. The former homeowner may stay in the unit until he/she wants to move.		
	HUD must submit a report to Congress evaluating the program by 4-1-89.	Requires a report to Congress by 9-30-89. Report to be reviewed by Federal Reserve Bank, Federal Home Loan Bank Board, Secretary of Health and Human Services, Comptroller General.	
Assurance of Adequate Processing of Applications for Loan and Mortgage Insurance.	Section 413 The Secretary shall maintain at least one office in each state to carry out provisions of this Act.	No provision.	No position.
Closing of Any Office Prohibited before Completion of Certain Studies.	Section 415 The Secretary may not close any office maintained by the Secretary in any state until at least 30 days after the completion of a study or review by any other federal agency or committee of Congress.	No provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
Study of Voluntary Standards for Modular Homes.	Section 416 HUD shall submit a study to Congress, not less than six months after enactment, on feasible alternative systems for implementing a voluntary preemptive national code for modular housing. This code could be a national model with standards for inspections, design, construction, and performance. This would apply to factory-built, single family housing not subject to the requirements of the National Manufactured Housing Construction and Safety Standards Act of 1974.	No provision.	No position.
FHA Title I Regulations	No provision.	Section 131 The comment period will be reopened on rules revising regulations under Title I (published 10-25-85). The rules will cease to be in effect and not effective until 1-1-88.	No position.

PROVISION	H.R. 4	S. 825	POSITION
Repeal of Requirement to Publish Prototype Housing Costs for 1- to 4-Family Dwelling Units.	Section 417 Repeal of the following language: Beginning in calendar year 1979, the Sec'y of HUD shall prepare and publish annually prototype housing costs for 1- 4-family dwelling units for each housing market area in the U.S., as determined by the Sec'y. Prototype housing costs for an area shall be determined on the basis of the Sec'y's identification and estimate of reasonable construction and other costs (including reasonable allowances for the cost of land and site improvements) for that area of various types and sizes of new 1- to 4-family dwelling units designed for various segments of the housing market of the area, as determined by the Sec'y. In determining prototype housing costs, the Sec'y is authorized to take into account the need for durability required for economic maintenance of housing, the need for amenities suitable to assure a safe and healthy family life and neighborhood environment, the application of good design and quality in architecture, and the need for maximum conservation of energy, as well as the advice and recommendation of local housing producers. Repeal of the following language: The Secretary is authorized to take such action as may be necessary to develop, aggregate, and evaluate data and other information required for the timely development, implementation, and maintenance of the prototype housing cost system referred to [above].	No provision.	NAHRO opposes.

PROVISION	H.R. 4	S. 825	POSITION
Double Damages Remedy for Unathorized Use of Multifamily Housing Project Assets and Income.	Section 418 Prescibed procedure and authority to recover assets or income used by any person in violation of any regulatory agreement or regulation on the books.	No provision.	No position.
Limitations on Certain Secondary Mortgage Market Fees.	Section 441 (a) No fee or charge may be assessed with regard to purchase, guarantee, or redemption of any mortgage, asset, obligation, trust certificate, or other security by FNMA.	Section 128 (a) (Same as House Bill)	NAHRO supports limitation of fees.
		(b) No fee or charge in excess of six basis points may be assessed or collected ... FHA mortgage insurance or under the Serviceman's Readjustment Act. Other GNMA service charges are limited to the amount needed for sufficient reserves. Fees and charges may not be set on a competitive auction basis.	
	(c) No fees or charges assessed or collected with regard to purchase, etc., by FHLMC.	(c) (Same as House Bill)	
FNMA Cumulative Voting.	Section 442 Changes voting rights of FNMA shareholders.	No provision.	No position.
Extension of Authority to Purchase Second Mortgages on Single-Family Properties.	Section 443 FNMA and FHLMC authority to purchase second mortgages is extended permanently.	Section 133 FNMA and FHLMC authority sunsets are struck.	NAHRO supports permanent extension.
	Section 444 Restricts HUD to a 45 calendar day period (plus 15-day extension) to review FNMA request to issue REMIC securities. If HUD does not meet deadline, FNMA may proceed.	No provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
	Section 445 Prohibits FHLMC board from setting maximum business FHLMC can do.	No provision.	No position.
	Section 446 $150 billion is authorized for the GNMA mortgage-based securities limit for FY 1988.	No provision.	No position.

PROVISION	H.R. 4	S. 825	POSITION
COMMUNITY DEVELOPMENT AND MISC. PROGRAMS	TITLE V	TITLE I	
CDBG Reauthorization	Section 501 Authorizes one year at $3.0 billion.	Section 144 Reauthorizes for current FY 87 and FY 88 FY 89 at $3.0 billion per year.	NAHRO supports Senate provision.
UDAG Reauthorization	Section 501 Authorizes one-year at $225 million.	Two-year authorization at $225 million per year.	NAHRO supports Senate provision.
CDBG Targeting	Section 502 Raises three-year aggregate low/moderate income benefit from 51% to 75%.	No provision.	NAHRO opposes House provision.
CDBG Metro City Deferral	Section 503 Newly designated metro cities may defer status and elect to participate with urban county.	Section 141 Same as House.	NAHRO supports.
CDBG Entitlement Transition	Section 507 Metro cities and urban counties losing status retain 100% first year; in second year retain 50% and other 50% added to state program for which eligible to apply.	Section 141 Same as House.	NAHRO supports.
CDBG Unsewered Community Eligibility	Section 503 Designation as urban county if 177,000 plus population and more than 50% of housing units are unsewered and sole source acquifer. (Intended to qualify Spokane County, Washington.)	Section 141 Same as House.	No position.

PROVISION	H.R. 4	S. 825	POSITION
CDBG Urban County Qualification	Section 503 Creates new method for urban county qualification. Provided population of urban county exceeds 200,000 and urban county obtains cooperative agreements from eligible local governments representing a minimum of 50,000 population, eligibility as urban county entitlement is assured. Funding then based on formula factors of the participating jurisdiction. Provision intended to prevent situations in counties near 200,000 population threshold from being unable to achieve urban county entitlement status because one or more cities refuse to participate.	No provision.	No position.
CDBG E. Cleveland Entitlement Eligibility	Section 503 Misc. provision intended to insure continued entitlement status of City of E. Cleveland.	No provision.	No position.
CDBG Median Area Incomes Outside MSA's	Section 504 In any non-entitlement area, use higher of median income of county or median income of entire non-metro area of state for income determination.	No provision.	NAHRO supports House provision.
CDBG Reporting Requirement	Section 505 Strikes duplicative statement of use of funds reporting requirement.	No provision.	NAHRO supports House provision.
CDBG Great Lakes Flood Alleviation Eligibility	Section 506 Grantees bordering Great Lakes experiencing adverse flooding/erosion may use CDBG to alleviate.	No provision.	NAHRO opposes expanding eligible activities absent increased funding.

PROVISION	H.R. 4	S. 825	POSITION
HAP HUD-Approved Relocation Plan/ Displacement	Section 507 Adds new requirement to Housing Assistance Plan (HAP) requiring grantees to identify how they will preserve/expand availability of housing for low/moderate income, minimize displacement, provide relocation, and specify separately provisions for addressing low versus moderate income. (NOTE: HAP plans are subject to HUD Secretary approval. Effect of amendment is to require HUD to approve relocation plans.) Also see Section 511 requirements that apply. Grantees must also certify in its Community Development Plan the aforementioned requirements.	No provision.	NAHRO opposes House provision.
HAP Homeless Needs Assessment	Section 508 Adds assessment of homeless needs to HAP.	No provision.	No position.
CDBG Economic Development Strategy	Section 509 Adds new requirement for an Economic Development Strategy that grantee must certify it is following. Requires needs description of low/moderate income persons and how grant activities will meet those needs; description of nature and amount of long-term employment to be created by the activities and how it will assist unemployed and underemployed low/moderate income persons; targeted employment, training and vocational development created by the economic development activities to low/moderate income residents or persons expected to reside; promote neighborhood revitalization goals and activities including "voluntary neighborhood" activities by neighborhood based nonprofits located in low/moderate income neighborhoods or controlled by low/moderate income persons; minimize displacement of existing businesses and jobs in	No provision.	NAHRO opposes House provision.

PROVISION	H.R. 4	S. 825	POSITION
CDBG Economic Development Strategy	Section 509 cont'd. neighborhoods through use of CDBG funds; and document grant activities actually benefiting low/moderate income persons, including numbers and income levels of beneficiaries of employment, business, housing and public services generated by the activities.	No provision.	
CDBG Citizen Participation	Section 510 Adds new citizen participation requirements providing for citizen involvement at neighborhood levels and citywide with particular emphasis on low/moderate income residents of distressed areas or where significant on-going activity is proposed; citizen involvement at all stages; technical assistance to organizations representing low/moderate income persons; provide a sufficient number of hearings; ensure accommodations for handicapped and non-English speaking persons; and answering of complaints and grievances in writing within 15 working days.	No provision.	NAHRO opposes House provisions.
CDBG HUD Approved Relocation Plan/ Displacement	Section 511 Adds new requirement that grantee certify that it is following a HUD approved, detailed anti-displacement and relocation assistance plan that: -generally prohibits involuntary displacement of low/moderate income persons. -permits involuntary displacement only if unavoidable or in best interest of household and community. -requires one-for-one replacement housing of all demolished or converted low and moderate income units (even if unoccupied). -replacement units must be of equal size, equal or improved quality and in some neighborhood, or another of displacee's choice;	No provision.	NAHRO opposes House provision.

PROVISION	H.R. 4	S. 825	POSITION
CDBG HUD Approved Relocation Plan/ Displacement	Section 511 cont'd. -replacement units must remain affordable for 15 years to persons of similar income to those displaced and meet specific shelter cost to income ratio (same as that prior to displacement or 30%, whichever is lower). -displacee has option to participate in mutual housing association or housing cooperative, again with shelter cost to income ratio requirements.	No provision.	
CDBG Public Service Limit	Section 512 Public service limit can exceed 15% if no greater than % used by another unit of local government in same metro area.	No provision.	No position.
CDBG Limited New Construction	Section 513 New construction or substantial rehabilitation eligible if unit is occupied by a low/moderate income household and unit is not suitable for rehabilitation.	No provision.	NAHRO opposes expanding eligible activities absent increased funding.
CDBG State Certifications	Section 514 Allows "State" rather than "Governor" to make all certifications under the state-Small Cities Program.	Section 141 Same as House.	No position.
CDBG Multi-Year/Multi-Purpose Grants	Section 515 Allows Governors to make multi-year, multi-purpose grant commitments under the state-Small Cities Program.	No position.	No position.

PROVISION	H.R. 4	S. 825	POSITION
CDBG State-Small Cities Admin Expenses	Section 516 Changes state administrative expenses from $102,000 to $100,000.	Section 149 Same as House.	No position.
Eligible Administrative Expenses	No provision.	Section 145 Allows states to use CDBG to offset Urban Homesteading and Rental Rehab Admin.	No position.
Section 108 Loan Guarantees	Section 517 Section 108 Loan Guarantee ceiling set at $150 million for FY 88. Prohibits fees by the Secretary or any other federal agency. Expands eligible activities to include housing rehabilitation and certain economic development activities.	No provision.	NAHRO supports House provision.
UDAG Selection Critieria Changes	Section 518 65/35 split plus selection criteria changes. Requires three rounds per each type of competition.	Section 142 Same, plus adds two points if UDAG not received within past 24 months. Requires two rounds per each type of competition.	NAHRO supports. Either version is acceptable.
Repaid UDAG Grant Funds	Section 518 Must be used for eligible Title I economic development activities. Requires annual report of projected receipt and use.	Section 142 Same as House.	NAHRO supports.
UDAG Anti Piracy Domestic Business Protection	Section 519 Requires Secretary's approval if relocation from one UDAG eligible community to another in case of intended occupants. Regs must be issued within 60 days.	Section 143 Same as House.	No position.
	Prohibits expanding a non-domestic market share at expense of a domestic entity. Regs must be issued in 60 days.	No provision.	No position.
UDAG Regs/ Effective Dates	Section 509 Issued within 60 days; UDAG changes effective upon enactment.	Section 142 Same as House.	NAHRO supports.

PROVISION	H.R. 4	S. 825	POSITION
UDAG HUD Approved Relocation Plan/ Displacement	Section 520 Provisions are same as those proposed for CDBG (See Sections 511 and 507.)	No provision.	NAHRO opposes House provision.
UDAG $ Cap	No provision.	Section 142 Grant award limited to $6 million unless UDAG does not exceed $8,000 for each new permanent or retained job.	NAHRO opposes Senate provision.
Urban Homesteading	Section 520 One-year authorization at $12 million. Prohibits charging "consideration" if excludes prospective applicant qualified under special priorities (resides in substandard/overcrowded; pays > 30% income for housing; and little prospect otherwise for homeownership.) Prohibits conveyance to non-lower income if a lower income applicant is qualified. Secretary may purchase properties that become available in satisfaction of public liens, such as tax liens, for properties to eligible Urban Homesteading Communities. "Consideration" paid must be given to Secretary for a revolving fund. Increases assistance to communities with high foreclosure rates. If single-family foreclosure rate of mortgages insured under Title II of the National Housing Act exceeds 20% of previous year's rate, Secretary can approve 50% increase in assistance above original requested level.	Section 145 Reauthorizes for current FY 87 and FY 88 and 89 at $12 million per year. Revises homesteader selection process to: 1) give priority to lower income families, 2) exclude current homeowners, 3) must consider applicants capacity to contribute labor or obtain private or other assistance and 4) other reasonable critieria. Properties may be transferred to qualified community organizations to facilitate conveyance to qualified homesteaders.	NAHRO supports multi-year authorization in Senate. NAHRO supports program changes in both House and Senate.

PROVISION	H.R. 4	S. 825	POSITION
312 Rehab Loans	Section 521 One year extension.	Section 103 Two-year extension.	NAHRO supports Senate provision.
	Prohibits risk premium/loan fees. Requires retroactive reimbursement of fees charged.	Section 146 Risk fees same as House but not retroactive.	NAHRO supports House provision.
	Bans HUD sale of 312 loan protfolio.	No provision.	NAHRO supports House provision.
Neighborhood Reinvestment Corporation	Section 522 One year authorization at $19 million. per year.	Section 147 Two year authorization at $19 million	NAHRO supports Senate provision.
Neighborhood Development Demo	Section 523 One year authorization at $2 million. Expands eligible activities to include acquisition, rehab, or development of permanent housing for homeless.	Section 148 Two year authorization with no sums.	NAHRO opposes.
Park Central New Community	Section 524 Sets aside $5 million from Secretary's Discretionary fund and 500 Section 8 units for Park Central New Community.	No provision.	No position.
312 Rehab/Urban Homesteading Recapture	Section 525 Recapture prohibited for FY in which funds received or succeeding FY for failure to use, obligate or spend.	No provision.	NAHRO suports House provision.
Urban Renewal Land Disposition Proceeds	Section 526 Urban Renewal Land Disposition proceeds from certain projects may be retained by local government for additional Title I activities. (Hartford, CT, Lebanon, PA, Richmond, VA, Milwaukee, WI, Northfield, IL, Nanticoke, PA.)	Same as House, except only cites Hartford, CT and Lebanon, PA.	No position.

PROVISION	H.R. 4	S. 825	POSITION
CDBG Regulations	Section 527 CDBG regulatory changes mandated by 1983 Housing and Urban-Rural Recovery Act must be issued within 30 days of enactment.	No provision.	NAHRO supports House provision.
CDBG Non-Domestic Business Assistance	Section 529 CDBG assistance barred if HUD Secretary determines that activity or project will expand the market share of a nondomestic business entity (>50% ownership by non-U.S. citizens or non-permanent resident; controlled by non-U.S. citizens or non-permanent residents; or is a subsidiary of or controlled by another business entity as previously described).	No provision.	No position.
CDBG Lead-Based Paint Set Aside	Section 567 Requires entitlement grantees to set-aside 5% minimum of CDBG to abate lead-based paint in HUD insured or assisted Multi-family projects if locality has a lead-based paint problem. Part of overall lead based paint provision in Section 567; see below for more detail.	No provision.	NAHRO opposes the CDBG set aside in the House provision.
CDBG 911 Eligiblity	No provision	Section 151 Makes "911" emergency establishment and operation an eligible activity not to exceed 2 years. Must benefit 51% low/moderate and demonstrate other federal funds not available. Secretary to issue regs in 90 days.	NAHRO opposes expanded eligible activities absent increased funding.

PROVISION	H.R. 4	S. 825	POSITION
Fair Housing Authorization Program	Section 561 $10 million authorized for FY 88; available until expended. Provides grants to organizations for (1) programs/activities related to Title VIII Civil Rights Act of 1968 compliance, and (2) community outreach and education. Testing fundable only if preceeded by an allegation made by person not employed by the testing organization.	Section 401 Authorize a two-year $10 million (total) demonstration sunsetting 9/30/89. Secretary must give 30-day advance notice to Banking Committee of grantees selected.	NAHRO supports House provision.
Collection of Certain Data	Section 562 Requires HUD to collect data on racial and ethnic characteristics for individuals in housing programs to assess compliance with Federal fair housing requirements.	No provision.	NAHRO supports House provision.
Regulatory Authority	Section 563 Requires the Secretary to submit to Congress on a quarterly basis or upon request of the Chairpersons of congressional committees a copy of each notice or handbook not less than 15 days before issuance. This act is also required for the FMHA program.	No provision.	NAHRO supports House provision.
Timely Payment of Subcontractors	Section 564 Requires prime contractors to establish procedures to ensure timely payment to subcontractors.	No provision.	No position.
Research and Development	Section 565 Authorizes $20 million for FY 88 and creates two additional research programs: a) A system for PHAs to monitor energy use and identify cost-effective imprvements. b) New building technologies designed to lower cost of construction of single and multi-family housing.	Section 164 Authorizes $17 million for each of FY 88 and FY 89.	NAHRO supports House levels.

PROVISION	H.R. 4	S. 825	POSITION
HMDA	Section 566 Permanent Extension . Expands reporting requirements to mortgage banking subsidiaries of bank holding companies.	Section 103 Permanent extension.	NAHRO supports House provision.
Lead Based Paint	Section 567 Amends Section 302 of LPPPA to include FHA insured 1-4 family housing; also requires treatment of both exterior and interior paint. Appraiser or inspector must inspect for defective paint and require abatement. Three years after enactment (4 in rural areas), must inspect for intact lead paint and inform purchasers prior to sale if found. Mortgagee must provide brochure to mortgagors for pre-1978 housing on hazards of lead and recommendations for appropriate treatement. Secretary shall periodically determine whether procedures should apply to housing constructed between 1950 and 1978 and require that if warranted. Provisions do not apply to Section 202 or 0 bedroom units. For insured and assisted multi-family projects, abatement is an eligible cost for the multifamily housing preservation loan program; for rent increases to cover abatement costs under Section 8; for flexible subsidy funds; for increased rehabilitaton costs under 223(f) refinancing insurance; and for Section 107 technical assistance funds. Requires study by NIBS within 18 months on scope of lead problem and recommendations for treatment.	No provision.	NAHRO opposes CDBG set aside.
Fraud and Abuse	No provision.	Section 205 Allows Secretary to require families to submit social security numbers and consent form authorizing the Secretary to verify salary and wage information.	NAHRO supports Senate language.

PROVISION	H.R. 4	S. 825	POSITION
Counseling	Section 568 One year authorization at $6 million.	No provision.	NAHRO supports House provision.
Median Area Incomes Outside MSA's	Section 569 For any area not in an MSA, use higher of: Median income of county or median income of entire non-metro area of state. Affects UDAG and CDBG state program, Section 8, and FmHA programs.	No provision.	NAHRO supports House provision.
NEHEMIAH	TITLE VI	TITLE V	
	Section 601 Authorizes new program for $100 million for FY 88. Provides grants to non-profits to issue deferred loans not to exceed $15,000 to lower income families to construct/substantially rehab owner-occupied structures in selected neighborhoods. Targetted to depressed areas.	Section 501 Authorizes for FY 88 and 89 "such sums" as necessary. Basic purpose same as House.	If enacted, NAHRO prefers House version and recommends that eligible entities should include community development and housing agencies, second mortgage should be held by the gratee not HUD, grantee should keep repayments for reuse for additional Title I or Nehemiah, and grantees should be able to set loan repayment terms appropriate to the area.
	5% Down payment required.	10% downpayment required.	
	Affirmative marketing plan required.	No provision.	
	Priority given to assisted housing residents.	No provision.	
	Family income cannot exceed higher of 115% of median or national median for family of 4.	Family income cannot exceed higher of MSA median or national median for family of 4.	
	Secretary can waive minimum number of homes to be constructed in an identifiable area.	No provision.	

PROVISION	H.R. 4	S. 825	POSITION
ENTERPRISE ZONES	TITLE VII Section 701 Authorizes Secretary to designate 100 zones for up to 24 years. One-third must be in rural communities or in communities under 50,000 outside an MSA. Zone must be characterized by pervasive proverty, unemployment and general distress. Various federal rules waived or modified. States that it is Congressional "policy" not to reduce CDBG or UDAG in any year in which title is in effect.	No provision.	NAHRO supports House provision.

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